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COMMUNITY HEALTH

EXECUTIVE BUDGET BILL

A bill to make appropriations for the department of community health and certain state purposes related to mental health, public health, and medical services for the fiscal year ending September 30, 2008; to provide for the expenditure of those appropriations; to create funds; to require and provide for reports; to prescribe the powers and duties of certain local and state agencies and departments; and to provide for disposition of fees and other income received by the various state agencies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this bill, the amounts listed in this part are appropriated for the department of community health for the fiscal year ending September 30, 2008, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF COMMUNITY HEALTH

APPROPRIATION SUMMARY:

Full-time equated unclassified positions	6.0
Full-time equated classified positions	4,655.2
Average population	1,109.0
GROSS APPROPRIATION.....	\$ 11,538,938,600
Interdepartmental grant revenues:	

1	Total interdepartmental grants and intradepartmental	
2	transfers	38,850,900
3	ADJUSTED GROSS APPROPRIATION.....	\$ 11,500,087,700
4	Federal revenues:	
5	Total federal revenues.....	6,440,613,100
6	Special revenue funds:	
7	Total local revenues.....	246,671,500
8	Total private revenue.....	64,702,800
9	Merit award trust fund.....	161,900,000
10	Total other state restricted revenues.....	1,587,709,600
11	State general fund/general purpose.....	\$ 2,998,490,700
12	Sec. 102. DEPARTMENTWIDE ADMINISTRATION	
13	Full-time equated unclassified positions6.0	
14	Full-time equated classified positions226.5	
15	Director and other unclassified--6.0 FTE positions....	\$ 581,500
16	Community health advisory council.....	7,000
17	Departmental administration and management--198.0	
18	FTE positions	23,881,600
19	Office of long term care supports and services--18.5	
20	FTE positions	2,713,800
21	Worker's compensation program.....	9,706,000
22	Human resources optimization user charges.....	285,500
23	Rent and building occupancy.....	10,043,300
24	Developmental disabilities council and	
25	projects--10.0 FTE positions	<u>2,772,200</u>

1	GROSS APPROPRIATION.....	\$	49,990,900
2	Appropriated from:		
3	Federal revenues:		
4	Total federal revenues.....		14,083,900
5	Special revenue funds:		
6	Total private revenues.....		76,000
7	Total other state restricted revenues.....		3,500,900
8	State general fund/general purpose.....	\$	32,330,100
9	Sec. 103. MENTAL HEALTH/SUBSTANCE ABUSE SERVICES		
10	ADMINISTRATION AND SPECIAL PROJECTS		
11	Full-time equated classified positions	111.0	
12	Mental health/substance abuse program		
13	administration--110.0 FTE positions	\$	13,209,500
14	Consumer involvement program.....		189,100
15	Gambling addiction--1.0 FTE position.....		3,500,000
16	Protection and advocacy services support.....		777,400
17	Mental health initiatives for older persons.....		1,291,200
18	Community residential and support services.....		2,713,000
19	Highway safety projects.....		400,000
20	Federal and other special projects.....		3,277,200
21	Family support subsidy.....		19,036,000
22	Housing and support services.....		<u>9,306,800</u>
23	GROSS APPROPRIATION.....	\$	53,700,200
24	Appropriated from:		
25	Federal revenues:		

1	Total federal revenues	35,077,400
2	Special revenue funds:	
3	Total private revenues	190,000
4	Total other state restricted revenues	3,500,000
5	State general fund/general purpose	\$ 14,932,800
6	Sec. 104. COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE	
7	SERVICES PROGRAMS	
8	Full-time equated classified positions9.5	
9	Medicaid mental health services	\$ 1,878,874,100
10	Community mental health non-Medicaid services	319,566,100
11	Medicaid adult benefits waiver	40,000,000
12	Multicultural services	5,163,800
13	Medicaid substance abuse services	36,285,300
14	Respite services	1,000,000
15	CMHSP, purchase of state services contracts	136,239,300
16	Civil service charges	1,499,300
17	Federal mental health block grant--2.5 FTE positions..	15,367,900
18	State disability assistance program substance abuse	
19	services	2,509,800
20	Community substance abuse prevention, education and	
21	treatment programs	85,268,000
22	Children's waiver home care program	19,549,800
23	Omnibus reconciliation act implementation--7.0 FTE	
24	positions	12,367,200
25	Children with serious emotional disturbance waiver	<u>570,000</u>

1	GROSS APPROPRIATION.....	\$ 2,554,260,600
2	Appropriated from:	
3	Federal revenues:	
4	Total federal revenues.....	1,244,524,700
5	Special revenue funds:	
6	Total local revenues.....	26,072,100
7	Total other state restricted revenues.....	107,365,500
8	State general fund/general purpose.....	\$ 1,176,298,300
9	Sec. 105. STATE PSYCHIATRIC HOSPITALS, CENTERS FOR	
10	PERSONS WITH DEVELOPMENTAL DISABILITIES, AND	
11	FORENSIC AND PRISON MENTAL HEALTH SERVICES	
12	Total average population	1,109.0
13	Full-time equated classified positions	2,867.3
14	Caro regional mental health center - psychiatric	
15	hospital - adult--481.3 FTE positions	\$ 43,466,600
16	Average population	179.0
17	Kalamazoo psychiatric hospital - adult--466.6 FTE	
18	positions	43,120,900
19	Average population	186.0
20	Walter P. Reuther psychiatric hospital -	
21	Adult--437.3 FTE positions	43,147,800
22	Average population	236.0
23	Hawthorn center - psychiatric hospital - children	
24	and adolescents--218.0 FTE positions	21,497,600
25	Average population	74.0

1	Mount Pleasant center - developmental	
2	Disabilities--472.7 FTE positions	46,936,300
3	Average population	209.0
4	Center for forensic psychiatry--475.0 FTE positions...	51,582,200
5	Average population	225.0
6	Forensic mental health services provided to the	
7	department of corrections--316.4 FTE positions	37,548,900
8	Revenue recapture.....	750,000
9	IDEA, federal special education.....	120,000
10	Special maintenance and equipment.....	335,300
11	Purchase of medical services for residents of	
12	hospitals and centers	2,045,600
13	Severance pay.....	216,900
14	Gifts and bequests for patient living and treatment	
15	environment	<u>1,000,000</u>
16	GROSS APPROPRIATION.....	\$ 291,768,100
17	Appropriated from:	
18	Interdepartmental grant revenues:	
19	Interdepartmental grant from the department of	
20	corrections	37,548,900
21	Federal revenues:	
22	Total federal revenues.....	39,520,900
23	Special revenue funds:	
24	CMHSP, purchase of state services contracts.....	136,239,300
25	Other local revenues.....	16,533,500

1	Total private revenues	1,000,000
2	Total other state restricted revenues	10,876,700
3	State general fund/general purpose	\$ 50,048,800
4	Sec. 106. PUBLIC HEALTH ADMINISTRATION	
5	Full-time equated classified positions	86.4
6	Public health administration--11.0 FTE positions	\$ 1,858,100
7	Minority health grants and contracts--3.0 FTE	
8	positions	1,491,000
9	Vital records and health statistics--72.4 FTE	
10	positions	<u>7,947,900</u>
11	GROSS APPROPRIATION	\$ 11,297,000
12	Appropriated from:	
13	Interdepartmental grant revenues:	
14	Interdepartmental grant from the department of human	
15	services	745,300
16	Federal revenues:	
17	Total federal revenues	3,012,100
18	Special revenue funds:	
19	Total other state restricted revenues	5,988,100
20	State general fund/general purpose	\$ 1,551,500
21	Sec. 107. HEALTH POLICY, REGULATION, AND	
22	PROFESSIONS	
23	Full-time equated classified positions	418.6
24	Health systems administration--194.6 FTE positions	\$ 22,514,800
25	Emergency medical services program state staff--8.5	

1	FTE positions	1,471,900
2	Radiological health administration--21.4 FTE positions	2,671,600
3	Emergency medical services grants and services--7.0	
4	FTE positions	488,700
5	Health professions--137.0 FTE positions.....	17,950,600
6	Background check program.....	4,474,400
7	Health policy, regulation, and professions	
8	administration--30.7 FTE positions	5,538,300
9	Nurse scholarship, education, and research	
10	program--3.0 FTE positions	988,700
11	Certificate of need program administration--14.0 FTE	
12	positions	1,769,300
13	Rural health services--1.0 FTE position.....	1,403,800
14	Michigan essential health provider.....	1,847,100
15	Primary care services--1.4 FTE positions.....	<u>2,022,700</u>
16	GROSS APPROPRIATION.....	\$ 63,141,900
17	Appropriated from:	
18	Interdepartmental grant revenues:	
19	Interdepartmental grant from the department of	
20	treasury, Michigan state hospital finance authority .	116,300
21	Federal revenues:	
22	Total federal revenues.....	23,742,100
23	Special revenue funds:	
24	Total local revenues.....	227,700
25	Total private revenues.....	350,000

1	Total other state restricted revenues.....	30,728,400
2	State general fund/general purpose..... \$	7,977,400
3	Sec. 108. INFECTIOUS DISEASE CONTROL	
4	Full-time equated classified positions51.0	
5	AIDS prevention, testing, and care programs--12.0	
6	FTE positions \$	37,463,900
7	Immunization local agreements.....	13,990,300
8	Immunization program management and field	
9	support--15.0 FTE positions	2,003,500
10	Pediatric AIDS prevention and control--1.0 FTE positions	1,224,800
11	Sexually transmitted disease control local agreements.	3,360,700
12	Sexually transmitted disease control management and	
13	field support--23.0 FTE positions	<u>3,676,600</u>
14	GROSS APPROPRIATION..... \$	61,719,800
15	Appropriated from:	
16	Federal revenues:	
17	Total federal revenues.....	40,885,600
18	Special revenue funds:	
19	Total private revenues.....	7,997,900
20	Total other state restricted revenues.....	8,691,400
21	State general fund/general purpose..... \$	4,144,900
22	Sec. 109. LABORATORY SERVICES	
23	Full-time equated classified positions122.0	
24	Bovine tuberculosis--2.0 FTE positions..... \$	500,000
25	Laboratory services--120.0 FTE positions.....	<u>16,026,900</u>

1	GROSS APPROPRIATION.....	\$	16,526,900
2	Appropriated from:		
3	Interdepartmental grant revenues:		
4	Interdepartmental grant from the department of		
5	environmental quality		440,400
6	Federal revenues:		
7	Total federal revenues.....		2,794,600
8	Special revenue funds:		
9	Total other state restricted revenues.....		5,652,200
10	State general fund/general purpose.....	\$	7,639,700
11	Sec. 110. EPIDEMIOLOGY		
12	Full-time equated classified positions135.5		
13	AIDS surveillance and prevention program.....	\$	2,254,100
14	Asthma prevention and control--2.3 FTE positions.....		1,065,000
15	Bioterrorism preparedness--76.1 FTE positions.....		50,953,300
16	Epidemiology administration--42.1 FTE positions.....		6,862,100
17	Lead abatement program--7.0 FTE positions.....		2,177,700
18	Newborn screening follow-up and treatment		
19	services--8.0 FTE positions		3,651,300
20	Tuberculosis control and recalcitrant AIDS program....		<u>867,000</u>
21	GROSS APPROPRIATION.....	\$	67,830,500
22	Appropriated from:		
23	Federal revenues:		
24	Total federal revenues.....		61,210,800
25	Special revenue funds:		

1	Total private revenues	255,000
2	Total other state restricted revenues	4,113,000
3	State general fund/general purpose	\$ 2,251,700
4	Sec. 111. LOCAL HEALTH ADMINISTRATION AND GRANTS	
5	Implementation of 1993 PA 133, MCL 333.17015	\$ 76,500
6	Local health services	200,000
7	Local public health operations	40,618,400
8	Medical services cost reimbursement to local health	
9	departments	<u>4,000,000</u>
10	GROSS APPROPRIATION	\$ 44,894,900
11	Appropriated from:	
12	Federal revenues:	
13	Total federal revenues	4,000,000
14	Special revenue funds:	
15	Total local revenues	5,150,000
16	Total other state restricted revenues	200,000
17	State general fund/general purpose	\$ 35,544,900
18	Sec. 112. CHRONIC DISEASE AND INJURY PREVENTION AND	
19	HEALTH PROMOTION	
20	Full-time equated classified positions	53.1
21	African-American male health initiative	\$ 106,700
22	AIDS and risk reduction clearinghouse and media	
23	campaign	1,576,000
24	Alzheimer's information network	99,500
25	Cancer prevention and control program--13.0 FTE	

1	positions	13,596,600
2	Chronic disease prevention--1.1 FTE positions.....	2,279,400
3	Diabetes and kidney program--9.9 FTE positions.....	1,809,300
4	Health education, promotion, and research	
5	programs--9.3 FTE positions	809,000
6	Injury control intervention project--1.0 FTE position.	104,500
7	Physical fitness, nutrition and health.....	700,000
8	Public health traffic safety coordination--1.7 FTE	
9	positions	356,400
10	Smoking prevention program--15.1 FTE positions.....	4,032,000
11	Tobacco tax collection and enforcement.....	610,000
12	Violence prevention--2.0 FTE positions.....	<u>1,889,500</u>
13	GROSS APPROPRIATION.....	\$ 27,968,900
14	Appropriated from:	
15	Federal revenues:	
16	Total federal revenues.....	19,953,400
17	Special revenue funds:	
18	Total private revenues.....	85,000
19	Total other state restricted revenues.....	6,753,200
20	State general fund/general purpose.....	\$ 1,177,300
21	Sec. 113. FAMILY, MATERNAL, AND CHILDREN'S HEALTH	
22	SERVICES	
23	Full-time equated classified positions54.4	
24	Childhood lead program--6.8 FTE positions.....	\$ 1,557,500
25	Dental programs.....	335,400

1	Dental program for persons with developmental	
2	disabilities	151,000
3	Early childhood collaborative secondary prevention....	524,000
4	Family, maternal, and children's health services	
5	administration--41.6 FTE positions	5,090,300
6	Family planning local agreements.....	11,635,700
7	Local MCH services.....	7,018,100
8	Migrant health care.....	272,200
9	Pregnancy prevention program.....	5,602,100
10	Prenatal care outreach and service delivery support...	3,049,300
11	Special projects--6.0 FTE positions.....	5,929,700
12	Sudden infant death syndrome program.....	<u>321,300</u>
13	GROSS APPROPRIATION.....	\$ 41,486,600
14	Appropriated from:	
15	Federal revenues:	
16	Total federal revenues.....	30,550,100
17	Special revenue funds:	
18	Total other state restricted revenues.....	5,700,000
19	State general fund/general purpose.....	\$ 5,236,500
20	Sec. 114. WOMEN, INFANTS, AND CHILDREN FOOD AND	
21	NUTRITION PROGRAM	
22	Full-time equated classified positions42.0	
23	Women, infants, and children program administration	
24	and special projects--42.0 FTE positions	\$ 8,452,100
25	Women, infants, and children program local	

1	agreements and food costs	<u>183,273,600</u>
2	GROSS APPROPRIATION.....	\$ 191,725,700
3	Appropriated from:	
4	Federal revenues:	
5	Total federal revenues.....	138,481,800
6	Special revenue funds:	
7	Total private revenues.....	53,243,900
8	State general fund/general purpose.....	\$ 0
9	Sec. 115. CHILDREN'S SPECIAL HEALTH CARE SERVICES	
10	Full-time equated classified positions	45.0
11	Children's special health care services	
12	administration--45.0 FTE positions	\$ 4,523,100
13	Amputee program.....	184,600
14	Bequests for care and services.....	1,889,100
15	Outreach and advocacy.....	3,773,500
16	Nonemergency medical transportation.....	1,401,100
17	Medical care and treatment.....	<u>179,894,900</u>
18	GROSS APPROPRIATION.....	\$ 191,666,300
19	Appropriated from:	
20	Federal revenues:	
21	Total federal revenues.....	96,202,800
22	Special revenue funds:	
23	Total private revenues.....	1,000,000
24	Total other state restricted revenues.....	2,210,000
25	State general fund/general purpose.....	\$ 92,253,500

1	Sec. 116. OFFICE OF DRUG CONTROL POLICY		
2	Full-time equated classified positions	16.0	
3	Drug control policy--16.0 FTE positions.....	\$	1,747,000
4	Anti-drug abuse grants.....		9,810,100
5	Interdepartmental grant to judiciary for drug		
6	treatment courts		<u>1,800,000</u>
7	GROSS APPROPRIATION.....	\$	13,357,100
8	Appropriated from:		
9	Federal revenues:		
10	Total federal revenues.....		11,741,400
11	State general fund/general purpose.....	\$	1,615,700
12	Sec. 117. CRIME VICTIM SERVICES COMMISSION		
13	Full-time equated classified positions	10.0	
14	Grants administration services--10.0 FTE positions....	\$	1,277,100
15	Justice assistance grants.....		13,000,000
16	Crime victim rights services grants.....		11,000,000
17	Crime victim's rights fund revenue to		
18	Michigan state police		1,027,300
19	Crime victim's rights fund revenue to		
20	department of human services		<u>1,300,000</u>
21	GROSS APPROPRIATION.....	\$	27,604,400
22	Appropriated from:		
23	Federal revenues:		
24	Total federal revenues.....		14,998,600
25	Special revenue funds:		

1	Total other state restricted revenues.....	12,605,800
2	State general fund/general purpose.....	\$ 0
3	Sec. 118. OFFICE OF SERVICES TO THE AGING	
4	Full-time equated classified positions	36.5
5	Commission (per diem \$50.00).....	\$ 10,500
6	Office of services to aging administration--36.5 FTE	
7	positions	5,347,500
8	Community services.....	35,204,200
9	Nutrition services.....	37,708,500
10	Foster grandparent volunteer program.....	2,813,500
11	Retired and senior volunteer program.....	790,200
12	Senior companion volunteer program.....	2,021,200
13	Employment assistance.....	2,818,300
14	Respite care program.....	<u>6,800,000</u>
15	GROSS APPROPRIATION.....	\$ 93,513,900
16	Appropriated from:	
17	Federal revenues:	
18	Total federal revenues.....	52,830,000
19	Special revenue funds:	
20	Total private revenues.....	105,000
21	Merit award trust fund.....	5,000,000
22	Total other state restricted revenues.....	1,800,000
23	State general fund/general purpose.....	\$ 33,778,900
24	Sec. 119. MICHIGAN FIRST HEALTHCARE PLAN	
25	Michigan first healthcare plan.....	<u>\$ 100,000,000</u>

1	GROSS APPROPRIATION.....	\$	100,000,000
2	Appropriated from:		
3	Federal revenues:		
4	Total federal revenues.....		100,000,000
5	State general fund/general purpose.....	\$	0
6	Sec. 120. MEDICAL SERVICES ADMINISTRATION		
7	Full-time equated classified positions370.4		
8	Medical services administration--370.4 FTE positions..	\$	69,328,900
9	Facility inspection contract.....		132,800
10	MICchild administration.....		4,327,800
11	Health information technology initiatives.....		<u>10,000,000</u>
12	GROSS APPROPRIATION.....	\$	83,789,500
13	Appropriated from:		
14	Federal revenues:		
15	Total federal revenues.....		58,317,900
16	State general fund/general purpose.....	\$	25,471,600
17	Sec. 121. MEDICAL SERVICES		
18	Hospital services and therapy.....	\$	1,150,541,100
19	Hospital disproportionate share payments.....		45,000,000
20	Physician services.....		295,072,500
21	Medicare premium payments.....		361,169,800
22	Pharmaceutical services.....		62,533,100
23	Home health services.....		76,952,700
24	Transportation.....		10,197,200
25	Auxiliary medical services.....		117,545,500

1	Ambulance services.....	12,053,400
2	Long-term care services.....	1,937,791,800
3	Single point of entry.....	14,724,200
4	Health plan services.....	2,610,568,300
5	MIChild program.....	46,575,600
6	Plan first family planning waiver.....	27,109,000
7	Medicaid adult benefits waiver.....	128,218,000
8	County indigent care and third share plans.....	88,518,500
9	Federal Medicare pharmaceutical program.....	186,001,600
10	Maternal and child health.....	20,279,500
11	Social services to the physically disabled.....	1,344,900
12	Subtotal basic medical services program.....	7,192,196,700
13	School-based services.....	83,427,700
14	Special Medicaid reimbursement.....	243,995,400
15	Subtotal special medical services payments.....	<u>327,423,100</u>
16	GROSS APPROPRIATION.....	\$ 7,519,619,800
17	Appropriated from:	
18	Federal revenues:	
19	Total federal revenues.....	4,429,036,600
20	Special revenue funds:	
21	Total local revenues.....	62,448,900
22	Total private revenues.....	400,000
23	Merit award trust fund.....	156,900,000
24	Total other state restricted revenues.....	1,374,922,200
25	State general fund/general purpose.....	\$ 1,495,912,100

Sec. 122. INFORMATION TECHNOLOGY

Information technology services and projects.....	\$	33,075,500
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Michigan Medicaid information system.....	100
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GROSS APPROPRIATION	\$	33,075,600
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Appropriated from:

Federal revenues:

Total federal revenues	19,648,400
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Special revenue funds:

Total other state restricted revenues	3,102,200
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State general fund/general purpose.....	\$	10,325,000
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PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2007-2008 is \$4,760,169,100.00 and state spending from state resources to be paid to units of local government for fiscal year 2007-2008 is \$1,328,133,200.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

DEPARTMENT OF COMMUNITY HEALTH

MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION

AND SPECIAL PROJECTS

Community residential and support services.....	\$	387,300
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1	Housing and support services	695,500
2	Mental health initiatives for older persons	1,049,200
3	COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS	
4	State disability assistance program substance	
5	abuse services	\$ 2,509,800
6	Community substance abuse prevention, education, and	
7	treatment programs	12,473,800
8	Medicaid mental health services	760,430,600
9	Community mental health non-Medicaid services	319,566,100
10	Medicaid adult benefits waiver	11,732,000
11	Multicultural services	5,163,800
12	Medicaid substance abuse services	15,190,500
13	Respite services	1,000,000
14	Children's waiver home care program	5,734,000
15	Omnibus budget reconciliation act implementation	2,950,500
16	STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH	
17	DEVELOPMENTAL DISABILITIES, AND FORENSIC AND PRISON	
18	MENTAL HEALTH SERVICES	
19	Center for forensic psychiatry	\$ 290,300
20	PUBLIC HEALTH ADMINISTRATION	
21	Minority health grants and contracts	\$ 100,000
22	INFECTIOUS DISEASE CONTROL	
23	AIDS prevention, testing and care programs	\$ 742,200
24	Immunization local agreements	2,132,000
25	Sexually transmitted disease control local agreements.	421,800

1	LABORATORY SERVICES		
2	Laboratory services.....	\$	55,400
3	LOCAL HEALTH ADMINISTRATION AND GRANTS		
4	Implementation of 1993 PA 133.....	\$	7,700
5	Local public health operations.....		35,468,400
6	CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION		
7	Cancer prevention and control program.....	\$	350,000
8	Diabetes and kidney program.....		313,100
9	Smoking prevention program.....		800,000
10	FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES		
11	Childhood lead program.....	\$	105,000
12	Family planning local agreements.....		250,000
13	Pregnancy prevention program.....		2,300,000
14	Prenatal care outreach and service delivery support...		650,100
15	Special projects.....		228,900
16	CHILDREN'S SPECIAL HEALTH CARE SERVICES		
17	Medical care and treatment.....	\$	528,800
18	Outreach and advocacy.....		1,283,200
19	MEDICAL SERVICES		
20	Hospital services and therapy.....	\$	4,175,700
21	Physician services.....		7,879,400
22	Transportation.....		2,549,300
23	Auxiliary medical services.....		2,061,700
24	Long-term care services.....		79,760,400
25	Medicaid adult benefits waiver.....		9,573,500

1 OFFICE OF SERVICES TO THE AGING

2 Community services..... \$ 14,854,300

3 Nutrition services..... 11,280,300

4 Foster grandparent volunteer program..... 791,700

5 Retired and senior volunteer program..... 181,300

6 Senior companion volunteer program..... 241,400

7 Respite care program..... 3,427,400

8 CRIME VICTIM SERVICES COMMISSION

9 Crime victim rights services grants..... \$ 6,800

10 TOTAL OF PAYMENTS TO LOCAL UNITS

11 OF GOVERNMENT..... \$ 1,328,133,200

12 Sec. 202. (1) The appropriations authorized under this bill

13 are subject to the management and budget act, 1984 PA 431, MCL

14 18.1101 to 18.1594.

15 (2) Funds for which the state is acting as the custodian or

16 agent are not subject to annual appropriation.

17 Sec. 203. As used in this bill:

18 (a) "AIDS" means acquired immunodeficiency syndrome.

19 (b) "CMHSP" means a community mental health services program

20 as that term is defined in section 100a of the mental health code,

21 1974 PA 258, MCL 330.1100a.

22 (c) "Department" means the Michigan department of community

23 health.

24 (d) "DSH" means disproportionate share hospital.

1 (e) "EPSDT" means early and periodic screening, diagnosis, and
2 treatment.

3 (f) "FTE" means full-time equated.

4 (g) "GME" means graduate medical education.

5 (h) "Health plan" means, at a minimum, an organization that
6 meets the criteria for delivering the comprehensive package of
7 services under the department's comprehensive health plan.

8 (i) "HIV/AIDS" means human immunodeficiency virus/acquired
9 immune deficiency syndrome.

10 (j) "HMO" means health maintenance organization.

11 (k) "IDEA" means individuals with disabilities education act.

12 (l) "IDG" means interdepartmental grant.

13 (m) "MCH" means maternal and child health.

14 (n) "MIChild" means the program described in section 1670.

15 (o) "MSS/ISS" means maternal and infant support services.

16 (p) "PIHP" means specialty prepaid inpatient health plan for
17 Medicaid mental health services, services to persons with
18 developmental disabilities and substance abuse services. A program
19 described in section 232b of the mental health code, 1974 PA 258,
20 MCL 330.1232b.

21 (q) "Title XVIII" means title XVIII of the social security
22 act, 42 USC 1395 to 1395hhh.

23 (r) "Title XIX" means title XIX of the social security act, 42
24 USC 1396 to 1396v.

1 (s) "Title XX" means title XX of the social security act, 49
2 USC 1397 to 1397f.

3 (t) "WIC" means women, infants, and children supplemental
4 nutrition program.

5 Sec. 204. The department of civil service shall bill the
6 department at the end of the first fiscal quarter for the 1% charge
7 authorized by section 5 of article XI of the state constitution of
8 1963. Payments shall be made for the total amount of the billing by
9 the end of the second fiscal quarter.

10 Sec. 205. (1) A hiring freeze is imposed on the state
11 classified civil service. State departments and agencies are
12 prohibited from hiring any new state classified civil service
13 employees and prohibited from filling any vacant state classified
14 civil service positions. This hiring freeze does not apply to
15 internal transfers of classified employees from 1 position to
16 another within a department.

17 (2) The state budget director may grant exceptions to this
18 hiring freeze when the state budget director believes that the
19 hiring freeze will result in rendering a state department or agency
20 unable to deliver basic services, cause loss of revenue to the
21 state, result in the inability of the state to receive federal
22 funds, or would necessitate additional expenditures that exceed any
23 savings from maintaining the vacancy. The state budget director
24 shall report quarterly to the chairpersons of the senate and house
25 of representatives standing committees on appropriations the number

1 of exceptions to the hiring freeze approved during the previous
2 quarter and the reasons to justify the exception.

3 Sec. 206. (1) In addition to the funds appropriated in part 1,
4 there is appropriated an amount not to exceed \$100,000,000.00 for
5 federal contingency funds. These funds are not available for
6 expenditure until they have been transferred to another line item
7 in this bill under section 393(2) of the department of management
8 and budget act, 1984 PA 431, MCL 18.1393.

9 (2) In addition to the funds appropriated in part 1, there is
10 appropriated an amount not to exceed \$20,000,000.00 for state
11 restricted contingency funds. These funds are not available for
12 expenditure until they have been transferred to another line item
13 in this bill under section 393(2) of the department of management
14 and budget act, 1984 PA 431, MCL 18.1393.

15 (3) In addition to the funds appropriated in part 1, there is
16 appropriated an amount not to exceed \$20,000,000.00 for local
17 contingency funds. These funds are not available for expenditure
18 until they have been transferred to another line item in this bill
19 under section 393(2) of the department of management and budget
20 act, 1984 PA 431, MCL 18.1393.

21 (4) In addition to the funds appropriated in part 1, there is
22 appropriated an amount not to exceed \$10,000,000.00 for private
23 contingency funds. These funds are not available for expenditure
24 until they have been transferred to another line item in this bill

1 under section 393(2) of the department of management and budget
2 act, 1984 PA 431, MCL 18.1393.

3 Sec. 208. The department shall use the Internet to fulfill the
4 reporting requirements of this act. This requirement may include
5 transmission of reports via electronic mail to the recipients
6 identified for each reporting requirement or it may include
7 placement of reports on the Internet or Intranet site.

8 Sec. 209. Funds appropriated in part 1 shall not be used for
9 the purchase of foreign goods or services, or both, if
10 competitively priced and of comparable quality American goods or
11 services, or both, are available. Preference should be given to
12 goods or services, or both, manufactured or provided by Michigan
13 businesses if they are competitively priced and of comparable
14 quality.

15 Sec. 210. The director shall take all reasonable steps to
16 ensure businesses in deprived and depressed communities compete for
17 and perform contracts to provide services or supplies, or both.
18 The director shall strongly encourage firms with which the
19 department contracts to subcontract with certified businesses in
20 depressed and deprived communities for services, supplies, or both.

21 Sec. 211. If the revenue collected by the department from fees
22 and collections exceeds the amount appropriated in part 1, the
23 revenue may be carried forward with the approval of the state
24 budget director into the subsequent fiscal year. The revenue

1 carried forward under this section shall be used as the first
2 source of funds in the subsequent fiscal year.

3 Sec. 214. The use of state-restricted tobacco tax revenue
4 received for the purpose of tobacco prevention, education, and
5 reduction efforts and deposited in the healthy Michigan fund shall
6 not be used for lobbying as defined in 1978 PA 472, MCL 4.411 to
7 4.431, and shall not be used in attempting to influence the
8 decisions of the legislature, the governor, or any state agency.

9 Sec. 216. (1) In addition to funds appropriated in part 1 for
10 all programs and services, there is appropriated for write-offs of
11 accounts receivable, deferrals, and for prior year obligations in
12 excess of applicable prior year appropriations, an amount equal to
13 total write-offs and prior year obligations, but not to exceed
14 amounts available in prior year revenues.

15 (2) The department's ability to satisfy appropriation
16 deductions in part 1 shall not be limited to collections and
17 accruals pertaining to services provided in the current fiscal
18 year, but shall also include reimbursements, refunds, adjustments,
19 and settlements from prior years.

20 Sec. 218. Basic health services for the purpose of part 23 of
21 the public health code, 1978 PA 368, MCL 333.2301 to 333.2321, are:
22 immunizations, communicable disease control, sexually transmitted
23 disease control, tuberculosis control, prevention of gonorrhea eye
24 infection in newborns, screening newborns for the 8 conditions
25 listed in section 5431(1)(a) through (h) of the public health code,

1 1978 PA 368, MCL 333.5431, community health annex of the Michigan
2 emergency management plan, and prenatal care.

3 Sec. 219. The department may contract with the Michigan public
4 health institute for the design and implementation of projects and
5 for other public health related activities prescribed in section
6 2611 of the public health code, 1978 PA 368, MCL 333.2611. The
7 department may develop a master agreement with the institute to
8 carry out these purposes for up to a 3-year period. The department
9 shall report to the house of representatives and senate
10 appropriations subcommittees on community health, the house and
11 senate fiscal agencies, and the state budget director on or before
12 November 1, 2007 and May 1, 2008 all of the following:

13 (a) A detailed description of each funded project.

14 (b) The amount allocated for each project, the appropriation
15 line item from which the allocation is funded, and the source of
16 financing for each project.

17 (c) The expected project duration.

18 (d) A detailed spending plan for each project, including a
19 list of all subgrantees and the amount allocated to each
20 subgrantee.

21 Sec. 220. All contracts with the Michigan public health
22 institute funded with appropriations in part 1 shall include a
23 requirement that the Michigan public health institute submit to
24 financial and performance audits by the state auditor general of
25 projects funded with state appropriations.

1 Sec. 223. The department of community health may establish and
2 collect fees for publications, videos and related materials,
3 conferences, and workshops. Collected fees shall be used to offset
4 expenditures to pay for printing and mailing costs of the
5 publications, videos and related materials, and costs of the
6 workshops and conferences. The costs shall not exceed fees
7 collected.

8 Sec. 259. From the funds appropriated in part 1 for
9 information technology, the department shall pay user fees to the
10 department of information technology for technology-related
11 services and projects. Such user fees shall be subject to
12 provisions of an interagency agreement between the department and
13 the department of information technology.

14 Sec. 260. Amounts appropriated in part 1 for information
15 technology may be designated as work projects and carried forward
16 to support technology projects under the direction of the
17 department of information technology. Funds designated in this
18 manner are not available for expenditure until approved as work
19 projects under section 451a of the management and budget act, 1984
20 PA 431, MCL 18.1451a.

21 Sec. 261. Funds appropriated in part 1 for the Medicaid
22 management information system upgrade are contingent upon approval
23 of an advanced planning document from the centers for Medicare and
24 Medicaid services. If the necessary matching funds are identified
25 and legislatively transferred to this line item, the corresponding

1 federal Medicaid revenue shall be appropriated at a 90/10
2 federal/state match rate. This appropriation may be designated as
3 a work project and carried forward to support completion of this
4 project.

5 Sec. 266. (1) Due to the current budgetary problems in this
6 state, out-of-state travel shall be limited to situations in which
7 1 or more of the following conditions apply:

8 (a) The travel is required by legal mandate or court order or
9 for law enforcement purposes.

10 (b) The travel is necessary to protect the health or safety of
11 Michigan citizens or visitors or to assist other states in similar
12 circumstances.

13 (c) The travel is necessary to produce budgetary savings or to
14 increase state revenues, including protecting existing federal
15 funds or securing additional federal funds.

16 (d) The travel is necessary to comply with federal
17 requirements.

18 (e) The travel is necessary to secure specialized training for
19 staff that is not available within this state.

20 (f) The travel is financed entirely by federal or nonstate
21 funds.

22 (2) If out-of-state travel is necessary but does not meet 1 or
23 more of the conditions in subsection (1), the state budget director
24 may grant an exception to allow the travel. Any exceptions granted
25 by the state budget director shall be reported on a monthly basis

1 to the house of representatives and senate standing committees on
2 appropriations.

3 (3) Not later than January 1 of each year, each department
4 shall prepare a travel report listing all travel by classified and
5 unclassified employees outside this state in the immediately
6 preceding fiscal year that was funded in whole or in part with
7 funds appropriated in the department's budget. The report shall be
8 submitted to the chairs and members of the house of representatives
9 and senate standing committees on appropriations, the fiscal
10 agencies, and the state budget director. The report shall include
11 the following information:

12 (a) The name of each person receiving reimbursement for travel
13 outside this state or whose travel costs were paid by this state.

14 (b) The destination of each travel occurrence.

15 (c) The dates of each travel occurrence.

16 (d) A brief statement of the reason for each travel
17 occurrence.

18 (e) The transportation and related costs of each travel
19 occurrence, including the proportion funded with state general
20 fund/general purpose revenues, the proportion funded with state-
21 restricted revenues, the proportion funded with federal revenues,
22 and the proportion funded with other revenues.

23 (f) A total of all out-of-state travel funded for the section.

24 Sec. 270. Within 30 days after receipt of the notification
25 from the attorney general's office of a legal action in which

1 expenses had been recovered pursuant to section 106(4) of the
2 social welfare act, 1939 PA 280, MCL 400.106, or any other statute
3 under which the department has the right to recover expenses, the
4 department shall submit a written report to the house of
5 representatives and senate appropriations subcommittees on
6 community health, the house and senate fiscal agencies, and the
7 state budget office which includes, at a minimum, all of the
8 following:

9 (a) The total amount recovered from the legal action.

10 (b) The program or service for which the money was originally
11 expended.

12 (c) Details on the disposition of the funds recovered such as
13 the appropriation or revenue account in which the money was
14 deposited.

15 (d) A description of the facts involved in the legal action.
16

17 **DEPARTMENTWIDE ADMINISTRATION**

18 Sec. 301. From funds appropriated for worker's compensation,
19 the department may make payments in lieu of worker's compensation
20 payments for wage and salary and related fringe benefits for
21 employees who return to work under limited duty assignments.

22 Sec. 303. The department is prohibited from requiring first-
23 party payment from individuals or families with a taxable income of
24 \$10,000.00 or less for mental health services for determinations

made in accordance with section 818 of the mental health code, 1974 PA 258, MCL 330.1818.

MENTAL HEALTH/SUBSTANCE ABUSE SERVICES ADMINISTRATION AND SPECIAL PROJECTS

Sec. 350. The department may enter into a contract with the protection and advocacy service, authorized under section 931 of the mental health code, 1974 PA 258, MCL 330.1931, or a similar organization to provide legal services for purposes of gaining and maintaining occupancy in a community living arrangement which is under lease or contract with the department or a community mental health services program to provide services to persons with mental illness or developmental disability.

COMMUNITY MENTAL HEALTH/SUBSTANCE ABUSE SERVICES PROGRAMS

Sec. 401. Funds appropriated in part 1 are intended to support a system of comprehensive community mental health services under the full authority and responsibility of local CMHSPs or PIHPs. The department shall ensure that each CMHSP or PIHP provides all of the following:

(a) A system of single entry and single exit.

(b) A complete array of mental health services which shall include, but shall not be limited to, all of the following services: residential and other individualized living arrangements,

1 outpatient services, acute inpatient services, and long-term, 24-
2 hour inpatient care in a structured, secure environment.

3 (c) The coordination of inpatient and outpatient hospital
4 services through agreements with state-operated psychiatric
5 hospitals, units, and centers in facilities owned or leased by the
6 state, and privately-owned hospitals, units, and centers licensed
7 by the state pursuant to sections 134 through 149b of the mental
8 health code, 1974 PA 258, MCL 330.1134 to 330.1149b.

9 (d) Individualized plans of service that are sufficient to
10 meet the needs of individuals, including those discharged from
11 psychiatric hospitals or centers, and that ensure the full range of
12 recipient needs is addressed through the CMHSP's or PIHP's program
13 or through assistance with locating and obtaining services to meet
14 these needs.

15 (e) A system of case management to monitor and ensure the
16 provision of services consistent with the individualized plan of
17 services or supports.

18 (f) A system of continuous quality improvement.

19 (g) A system to monitor and evaluate the mental health
20 services provided.

21 (h) A system that serves at-risk and delinquent youth as
22 required under the provisions of the mental health code, 1974 PA
23 258, MCL 330.1001 to 330.2106.

24 Sec. 402. (1) From funds appropriated in part 1, final
25 authorizations to CMHSPs or PIHPs shall be made upon the execution

1 of contracts between the department and CMHSPs or PIHPs. The
2 contracts shall contain an approved plan and budget as well as
3 policies and procedures governing the obligations and
4 responsibilities of both parties to the contracts. Each contract
5 with a CMHSP or PIHP that the department is authorized to enter
6 into under this subsection shall include a provision that the
7 contract is not valid unless the total dollar obligation for all of
8 the contracts between the department and the CMHSPs or PIHPs
9 entered into under this subsection for fiscal year 2006-2007 does
10 not exceed the amount of money appropriated in part 1 for the
11 contracts authorized under this subsection.

12 (2) The department shall immediately report to the senate and
13 house of representatives appropriations subcommittees on community
14 health, the senate and house fiscal agencies, and the state budget
15 director if either of the following occurs:

16 (a) Any new contracts with CMHSPs or PIHPs that would affect
17 rates or expenditures are enacted.

18 (b) Any amendments to contracts with CMHSPs or PIHPs that
19 would affect rates or expenditures are enacted.

20 (3) The report required by subsection (2) shall include
21 information about the changes and their effects on rates and
22 expenditures.

23 Sec. 404. (1) Not later than May 31 of each fiscal year, the
24 department shall provide a report on the community mental health
25 services programs to the members of the house of representatives

1 and senate appropriations subcommittees on community health, the
2 house and senate fiscal agencies, and the state budget director
3 that includes the information required by this section.

4 (2) The report shall contain information for each CMHSP or
5 PIHP and a statewide summary, each of which shall include at least
6 the following information:

7 (a) A demographic description of service recipients which,
8 minimally, shall include reimbursement eligibility, client
9 population, age, ethnicity, housing arrangements, and diagnosis.

10 (b) Per capita expenditures by client population group.

11 (c) Financial information which, minimally, shall include a
12 description of funding authorized; expenditures by client group and
13 fund source; and cost information by service category, including
14 administration. Service category shall include all department-
15 approved services.

16 (d) Data describing service outcomes which shall include, but
17 not be limited to, an evaluation of consumer satisfaction, consumer
18 choice, and quality of life concerns including, but not limited to,
19 housing and employment.

20 (e) Information about access to community mental health
21 services programs which shall include, but not be limited to, the
22 following:

23 (i) The number of people receiving requested services.

24 (ii) The number of people who requested services but did not
25 receive services.

1 (f) The number of second opinions requested under the code and
2 the determination of any appeals.

3 (g) An analysis of information provided by community mental
4 health service programs in response to the needs assessment
5 requirements of the mental health code, including information about
6 the number of persons in the service delivery system who have
7 requested and are clinically appropriate for different services.

8 (h) Lapses and carryforwards during fiscal year 2006-2007 for
9 CMHSPs or PIHPs.

10 (i) Contracts for mental health services entered into by
11 CMHSPs or PIHPs with providers, including amount and rates,
12 organized by type of service provided.

13 (j) Information on the community mental health Medicaid
14 managed care program, including, but not limited to, both of the
15 following:

16 (i) Expenditures by each CMHSP or PIHP organized by Medicaid
17 eligibility group, including per eligible individual expenditure
18 averages.

19 (ii) Performance indicator information required to be
20 submitted to the department in the contracts with CMHSPs or PIHPs.

21 (3) The department shall include data reporting requirements
22 listed in subsection (2) in the annual contract with each
23 individual CMHSP or PIHP.

1 (4) The department shall take all reasonable actions to ensure
2 that the data required are complete and consistent among all CMHSPs
3 or PIHPs.

4 Sec. 405. (1) The employee wage pass-through funded in
5 previous years to the community mental health services programs for
6 direct care workers in local residential settings and for
7 paraprofessional and other nonprofessional direct care workers in
8 settings where skill building, community living supports and
9 training, and personal care services are provided shall continue to
10 be paid to direct care workers.

11 (2) Each CMHSP or PIHP awarded wage pass-through funds in
12 fiscal year 2006-2007 shall report on the actual expenditures of
13 such funds in the format to be determined by the department.

14 Sec. 406. (1) The funds appropriated in part 1 for the state
15 disability assistance substance abuse services program shall be
16 used to support per diem room and board payments in substance abuse
17 residential facilities. Eligibility of clients for the state
18 disability assistance substance abuse services program shall
19 include needy persons 18 years of age or older, or emancipated
20 minors, who reside in a substance abuse treatment center.

21 (2) The department shall reimburse all licensed substance
22 abuse programs eligible to participate in the program at a rate
23 equivalent to that paid by the department of human services to
24 adult foster care providers. Programs accredited by department-
25 approved accrediting organizations shall be reimbursed at the

1 personal care rate, while all other eligible programs shall be
2 reimbursed at the domiciliary care rate.

3 Sec. 407. (1) The amount appropriated in part 1 for substance
4 abuse prevention, education, and treatment grants shall be expended
5 for contracting with coordinating agencies. Coordinating agencies
6 shall work with the CMHSPs or PIHPs to coordinate the care and
7 services provided to individuals with both mental illness and
8 substance abuse diagnoses.

9 (2) The department shall approve a fee schedule for providing
10 substance abuse services and charge participants in accordance with
11 their ability to pay.

12 Sec. 408. (1) By April 15, 2008, the department shall report
13 the following data from fiscal year 2006-2007 on substance abuse
14 prevention, education, and treatment programs to the senate and
15 house of representatives appropriations subcommittees on community
16 health, the senate and house fiscal agencies, and the state budget
17 office:

18 (a) Expenditures stratified by coordinating agency, by central
19 diagnosis and referral agency, by fund source, by subcontractor, by
20 population served, and by service type. Additionally, data on
21 administrative expenditures by coordinating agency and by
22 subcontractor shall be reported.

23 (b) Expenditures per state client, with data on the
24 distribution of expenditures reported using a histogram approach.

1 (c) Number of services provided by central diagnosis and
2 referral agency, by subcontractor, and by service type.
3 Additionally, data on length of stay, referral source, and
4 participation in other state programs.

5 (d) Collections from other first- or third-party payers,
6 private donations, or other state or local programs, by
7 coordinating agency, by subcontractor, by population served, and by
8 service type.

9 (2) The department shall take all reasonable actions to ensure
10 that the required data reported are complete and consistent among
11 all coordinating agencies.

12 Sec. 409. The funding in part 1 for substance abuse services
13 shall be distributed in a manner that provides priority to service
14 providers that furnish child care services to clients with
15 children.

16 Sec. 410. The department shall assure that substance abuse
17 treatment is provided to applicants and recipients of public
18 assistance through the department of human services who are
19 required to obtain substance abuse treatment as a condition of
20 eligibility for public assistance.

21 Sec. 411. (1) The department shall ensure that each contract
22 with a CMHSP or PIHP requires the CMHSP or PIHP to implement
23 programs to encourage diversion of persons with serious mental
24 illness, serious emotional disturbance, or developmental disability
25 from possible jail incarceration when appropriate.

(2) Each CMHSP or PIHP shall have jail diversion services and shall work toward establishing working relationships with representative staff of local law enforcement agencies, including county prosecutors' offices, county sheriffs' offices, county jails, municipal police agencies, municipal detention facilities, and the courts. Written interagency agreements describing what services each participating agency is prepared to commit to the local jail diversion effort and the procedures to be used by local law enforcement agencies to access mental health jail diversion services are strongly encouraged.

Sec. 412. The department shall contract directly with the Salvation Army harbor light program to provide non-Medicaid substance abuse services at not less than the amount contracted for in fiscal year 2004-2005.

Sec. 414. Medicaid substance abuse treatment services shall be managed by selected PIHPs pursuant to the centers for Medicare and Medicaid services' approval of Michigan's 1915(b) waiver request to implement a managed care plan for specialized substance abuse services. The selected PIHPs shall receive a capitated payment on a per eligible per month basis to assure provision of medically necessary substance abuse services to all beneficiaries who require those services. The selected PIHPs shall be responsible for the reimbursement of claims for specialized substance abuse services. The PIHPs that are not coordinating agencies may continue to contract with a coordinating agency. Any alternative arrangement

1 must be based on client service needs and have prior approval from
2 the department.

3 Sec. 418. On or before the tenth of each month, the department
4 shall report to the senate and house of representatives
5 appropriations subcommittees on community health, the senate and
6 house fiscal agencies, and the state budget director on the amount
7 of funding paid to PIHPs to support the Medicaid managed mental
8 health care program in that month. The information shall include
9 the total paid to each PIHP, per capita rate paid for each
10 eligibility group for each PIHP, and number of cases in each
11 eligibility group for each PIHP, and year-to-date summary of
12 eligibles and expenditures for the Medicaid managed mental health
13 care program.

14 Sec. 424. Each PIHP that contracts with the department to
15 provide services to the Medicaid population shall adhere to the
16 following timely claims processing and payment procedure for claims
17 submitted by health professionals and facilities:

18 (a) A "clean claim" as described in section 111i of the social
19 welfare act, 1939 PA 280, MCL 400.111i, must be paid within 45 days
20 after receipt of the claim by the PIHP. A clean claim that is not
21 paid within this time frame shall bear simple interest at a rate of
22 12% per annum.

23 (b) A PIHP must state in writing to the health professional or
24 facility any defect in the claim within 30 days after receipt of
25 the claim.

1 (c) A health professional and a health facility have 30 days
2 after receipt of a notice that a claim or a portion of a claim is
3 defective within which to correct the defect. The PIHP shall pay
4 the claim within 30 days after the defect is corrected.

5 Sec. 425. By April 1, 2008, the department, in conjunction
6 with the department of corrections, shall report the following data
7 from fiscal year 2006-2007 on mental health and substance abuse
8 services to the house of representatives and senate appropriations
9 subcommittees on community health and corrections, the house and
10 senate fiscal agencies, and the state budget office:

11 (a) The number of prisoners receiving substance abuse
12 services, which shall include a description and breakdown of the
13 type of substance abuse services provided to prisoners.

14 (b) The number of prisoners with a primary diagnosis of mental
15 illness and the number of such prisoners receiving mental health
16 services, which shall include a description and breakdown,
17 minimally encompassing the categories of inpatient, residential,
18 and outpatient care, of the type of mental health services provided
19 to those prisoners.

20 (c) The number of prisoners with a primary diagnosis of mental
21 illness and receiving substance abuse services, which shall include
22 a description and breakdown, minimally encompassing the categories
23 of inpatient, residential, and outpatient care, of the type of
24 treatment provided to those prisoners.

1 (d) Data indicating if prisoners receiving mental health
2 services for a primary diagnosis of mental illness were previously
3 hospitalized in a state psychiatric hospital for persons with
4 mental illness.

5 (e) Data indicating if prisoners with a primary diagnosis of
6 mental illness and receiving substance abuse services were
7 previously hospitalized in a state psychiatric hospital for persons
8 with mental illness.

9 Sec. 428. Each PIHP and affiliation of CMHSPs shall provide,
10 from internal resources, local funds to be used as a bona fide part
11 of the state match required under the Medicaid program in order to
12 increase capitation rates for PIHPs. These funds shall not include
13 either state funds received by a CMHSP for services provided to
14 non-Medicaid recipients or the state matching portion of the
15 Medicaid capitation payments made to a PIHP.

16 Sec. 435. A county required under the provisions of the mental
17 health code, 1974 PA 258, MCL 330.1001 to 330.2106, to provide
18 matching funds to a CMHSP for mental health services rendered to
19 residents in its jurisdiction shall pay the matching funds in equal
20 installments on not less than a quarterly basis throughout the
21 fiscal year, with the first payment being made by October 1, 2007.

22 Sec. 442. (1) The department shall assure that persons
23 enrolled in the Medicaid adult benefits waiver program shall
24 receive mental health services as approved in the state plan
25 amendment.

1 (2) Capitation payments to CMHSPs for persons who become
2 enrolled in the Medicaid adult benefits waiver program shall be
3 made using the same rate methodology as payments for the current
4 Medicaid beneficiaries.

5 (3) If enrollment in the Medicaid adult benefits waiver
6 program does not achieve expectations and the funding appropriated
7 for the Medicaid adult benefits waiver program for specialty
8 services is not expended, the general fund balance shall be
9 transferred back to the community mental health non-Medicaid
10 services line. The department shall report quarterly to the senate
11 and house of representatives appropriations subcommittees on
12 community health a summary of eligible expenditures for the
13 Medicaid adult benefits waiver program by CMHSPs.

14 Sec. 456. (1) CMHSPs and PIHPs shall honor consumer choice to
15 the fullest extent possible when providing services and support
16 programs for individuals with mental illness, developmental
17 disabilities, or substance abuse issues. Consumer choices shall
18 include skill-building assistance, rehabilitative and habilitative
19 services, supported and integrated employment services program
20 settings, and other work preparatory services provided in the
21 community or by accredited community-based rehabilitation
22 organizations. CMHSPs and PIHPs shall not arbitrarily eliminate or
23 restrict any choices from the array of services and program
24 settings available to consumers without reasonable justification
25 that those services are not in the consumer's best interest.

1 (2) CMHSPs and PIHPs shall take all necessary steps to ensure
2 that individuals with mental illness, developmental disabilities,
3 or substance abuse issues be placed in the least restrictive
4 setting in the quickest amount of time possible if it is the
5 individual's choice.

6 Sec. 463. The department shall use standard program evaluation
7 measures to assess the overall effectiveness of programs provided
8 through coordinating agencies and service providers in reducing and
9 preventing the incidence of substance abuse. The measures used by
10 the department shall be modeled after the program outcome measures
11 and best practice guidelines for the treatment of substance abuse
12 as proposed by the federal substance abuse and mental health
13 services administration.

14 Sec. 465. Funds appropriated in part 1 for respite services
15 shall be used for direct respite care services for children with
16 serious emotional disturbances and their families. Not more than
17 1% of the funds allocated for respite services shall be expended by
18 CMHSPs for administration and administrative purposes.

19 Sec. 468. To foster a more efficient administration of and to
20 integrate care in publicly funded mental health and substance abuse
21 services, the department shall recommend changes in its criteria
22 for the incorporation of a city, county, or regional substance
23 abuse coordinating agency into a local community mental health
24 authority that will encourage those city, county, or regional
25 coordinating agencies to incorporate as local community mental

1 health authorities. If necessary, the department may make
2 accommodations or adjustments in formula distribution to address
3 administrative costs related to the recommended changes to the
4 criteria made in accordance with this section and to the
5 incorporation of the additional coordinating agencies into local
6 community mental health authorities provided that all of the
7 following are satisfied:

8 (a) The department provides funding for the administrative
9 costs incurred by coordinating agencies incorporating into
10 community mental health authorities. The department shall not
11 provide more than \$75,000.00 to any coordinating agency for
12 administrative costs.

13 (b) The accommodations or adjustments do not favor
14 coordinating agencies who voluntarily elect to integrate with local
15 community mental health authorities.

16 (c) The accommodations or adjustments do not negatively affect
17 other coordinating agencies.

18 Sec. 470. For those substance abuse coordinating agencies that
19 have voluntarily incorporated into community mental health
20 authorities and accepted funding from the department for
21 administrative costs incurred pursuant to section 468 of this act,
22 the department shall establish written expectations for those
23 CMHSPs, PIHPs, and substance abuse coordinating agencies and
24 counties with respect to the integration of mental health and

1 substance abuse services. At a minimum, the written expectations
2 shall provide for the integration of those services as follows:

3 (a) Coordination and consolidation of administrative functions
4 and redirection of efficiencies into service enhancements.

5 (b) Consolidation of points of 24-hour access for mental
6 health and substance abuse services in every community.

7 (c) Alignment of coordinating agencies and PIHPs boundaries to
8 maximize opportunities for collaboration and integration of
9 administrative functions and clinical activities.

10 Sec. 474. The department shall ensure that each contract with
11 a CMHSP or PIHP requires the CMHSP or PIHP to provide each
12 recipient and his or her family with information regarding the
13 different types of guardianship and the alternatives to
14 guardianship. A CMHSP or PIHP shall not, in any manner, attempt to
15 reduce or restrict the ability of a recipient or his or her family
16 from seeking to obtain any form of legal guardianship without just
17 cause.

18
19 **STATE PSYCHIATRIC HOSPITALS, CENTERS FOR PERSONS WITH DEVELOPMENTAL**
20 **DISABILITIES, AND FORENSIC AND PRISON MENTAL HEALTH SERVICES**

21 Sec. 601. (1) In funding of staff in the financial support
22 division, reimbursement, and billing and collection sections,
23 priority shall be given to obtaining third-party payments for
24 services. Collection from individual recipients of services and

1 their families shall be handled in a sensitive and nonharassing
2 manner.

3 (2) The department shall continue a revenue recapture project
4 to generate additional revenues from third parties related to cases
5 that have been closed or are inactive. Upon approval by the state
6 budget director, such revenues may be allotted and spent for
7 departmental costs and contractual fees associated with these
8 retroactive collections and to improve ongoing departmental
9 reimbursement management functions.

10 Sec. 602. Unexpended and unencumbered amounts and accompanying
11 expenditure authorizations up to \$1,000,000.00 remaining on
12 September 30, 2008 from the amounts appropriated in part 1 for
13 gifts and bequests for patient living and treatment environments
14 shall be carried forward for 1 fiscal year. The purpose of gifts
15 and bequests for patient living and treatment environments is to
16 use additional private funds to provide specific enhancements for
17 individuals residing at state-operated facilities. Use of the gifts
18 and bequests shall be consistent with the stipulation of the donor.
19 The expected completion date for the use of gifts and bequests
20 donations is within 3 years unless otherwise stipulated by the
21 donor.

22 Sec. 603. The funds appropriated in part 1 for forensic mental
23 health services provided to the department of corrections are in
24 accordance with the interdepartmental plan developed in cooperation
25 with the department of corrections. The department is authorized to

1 receive and expend funds from the department of corrections in
2 addition to the appropriations in part 1 to fulfill the obligations
3 outlined in the interdepartmental agreements.

4 Sec. 604. (1) The CMHSPs or PIHPs shall provide annual reports
5 to the department on the following information:

6 (a) The number of days of care purchased from state hospitals
7 and centers.

8 (b) The number of days of care purchased from private
9 hospitals in lieu of purchasing days of care from state hospitals
10 and centers.

11 (c) The number and type of alternative placements to state
12 hospitals and centers other than private hospitals.

13 (d) Waiting lists for placements in state hospitals and
14 centers.

15 (2) The department shall annually report the information in
16 subsection (1) to the house of representatives and senate
17 appropriations subcommittees on community health, the house and
18 senate fiscal agencies, and the state budget director.

19 Sec. 605. (1) The department shall not implement any closures
20 or consolidations of state hospitals, centers, or agencies until
21 CMHSPs or PIHPs have programs and services in place for those
22 persons currently in those facilities and a plan for service
23 provision for those persons who would have been admitted to those
24 facilities.

1 (2) All closures or consolidations are dependent upon adequate
2 department-approved CMHSP and PIHP plans that include a discharge
3 and aftercare plan for each person currently in the facility. A
4 discharge and aftercare plan shall address the person's housing
5 needs. A homeless shelter or similar temporary shelter
6 arrangements are inadequate to meet the person's housing needs.

7 (3) Four months after the certification of closure required in
8 section 19(6) of the state employees' retirement act, 1943 PA 240,
9 MCL 38.19, the department shall provide a closure plan to the house
10 of representatives and senate appropriations subcommittees on
11 community health and the state budget director.

12 (4) Upon the closure of state-run operations and after
13 transitional costs have been paid, the remaining balances of funds
14 appropriated for that operation shall be transferred to CMHSPs or
15 PIHPs responsible for providing services for persons previously
16 served by the operations.

17 Sec. 606. The department may collect revenue for patient
18 reimbursement from first- and third-party payers, including
19 Medicaid and local county CMHSP payers, to cover the cost of
20 placement in state hospitals and centers. The department is
21 authorized to adjust financing sources for patient reimbursement
22 based on actual revenues earned. If the revenue collected exceeds
23 current year expenditures, the revenue may be carried forward with
24 approval of the state budget director. The revenue carried forward
25 shall be used as a first source of funds in the subsequent year.

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PUBLIC HEALTH ADMINISTRATION

Sec. 650. The department shall communicate the annual public health consumption advisory for sportfish. The department shall, at a minimum, post the advisory on the Internet and make the information in the advisory available to the clients of the women, infants, and children special supplemental nutrition program.

Sec. 651. By April 30, 2008, the department shall submit a report to the house and senate fiscal agencies and the state budget director on the activities and efforts of the surgeon general to improve the health status of the citizens of this state with regard to the goals and objectives stated in the "Healthy Michigan 2010" report, and the measurable progress made toward those goals and objectives.

HEALTH POLICY, REGULATION, AND PROFESSIONS

Sec. 704. The department shall ensure that a sufficient number of qualified emergency medical services personnel exist to serve rural areas of the state.

Sec. 706. When hiring any new nursing home inspectors funded through appropriations in part 1, the department shall make every effort to hire individuals with past experience in the long-term care industry.

Sec. 707. The funds appropriated in part 1 for the nurse scholarship program, established in section 16315 of the public

1 health code, 1978 PA 368, MCL 333.16315, shall be used to increase
2 the number of nurses practicing in Michigan. The board of nursing
3 is encouraged to structure scholarships funded under this bill in a
4 manner that rewards recipients who intend to practice nursing in
5 Michigan. In addition, the department and the board of nursing
6 shall work cooperatively with the Michigan higher education
7 assistance authority to coordinate scholarship assistance with
8 scholarships provided pursuant to the Michigan nursing scholarship
9 act, 2002 PA 591, MCL 390.1181 to 390.1189.

10 Sec. 708. Nursing facilities shall report in the quarterly
11 staff report to the department, the total patient care hours
12 provided each month, by state licensure and certification
13 classification, and the percentage of pool staff, by state
14 licensure and certification classification, used each month during
15 the preceding quarter. The department shall make available to the
16 public, the quarterly staff report compiled for all facilities
17 including the total patient care hours and the percentage of pool
18 staff used, by classification.

19 Sec. 709. The funds appropriated in part 1 for the Michigan
20 essential health care provider program may also provide loan
21 repayment for dentists that fit the criteria established by part 27
22 of the public health code, 1978 PA 368, MCL 333.2701 to 333.2727.

23 Sec. 710. From the funds appropriated in part 1 for primary
24 care services, an amount not to exceed \$1,723,300.00 is
25 appropriated to enhance the service capacity of the federally

1 qualified health centers and other health centers which are similar
2 to federally qualified health centers.

3 Sec. 711. The department may make available to interested
4 entities customized listings of nonconfidential information in its
5 possession, such as names and addresses of licensees. The
6 department may establish and collect a reasonable charge to provide
7 this service. The revenue received from this service shall be used
8 to offset expenses to provide the service. Any balance of this
9 revenue collected and unexpended at the end of the fiscal year
10 shall revert to the appropriate restricted fund.

11 Sec. 712. From the funds appropriated in part 1 for primary
12 care services, \$250,000.00 shall be allocated to free health
13 clinics operating in the state. The department shall distribute
14 the funds equally to each free health clinic. For the purpose of
15 this appropriation, free health clinics are nonprofit organizations
16 that use volunteer health professionals to provide care to
17 uninsured individuals.

18 Sec. 714. The department shall report to the legislature on
19 the timeliness of nursing facility complaint investigations and the
20 number of complaints that are substantiated on an annual basis.
21 The report shall consist of the number of complaints filed by
22 consumers and the number of facility-reported incidents. The
23 department shall make every effort to contact every complainant and
24 the subject of a complaint during an investigation.

25

1 **INFECTIOUS DISEASE CONTROL**

2 Sec. 801. In the expenditure of funds appropriated in part 1
3 for AIDS programs, the department and its subcontractors shall
4 ensure that adolescents receive priority for prevention, education,
5 and outreach services.

6 Sec. 802. In developing and implementing AIDS provider
7 education activities, the department may provide funding to the
8 Michigan state medical society to serve as lead agency to convene a
9 consortium of health care providers, to design needed educational
10 efforts, to fund other statewide provider groups, and to assure
11 implementation of these efforts, in accordance with a plan approved
12 by the department.

13 Sec. 803. The department shall continue the AIDS drug
14 assistance program maintaining the prior year eligibility criteria
15 and drug formulary. This section is not intended to prohibit the
16 department from providing assistance for improved AIDS treatment
17 medications. If funding is not sufficient to maintain the prior
18 year eligibility criteria and drug formulary, the department may
19 revise the eligibility criteria and drug formulary in a manner that
20 is consistent with federal program guidelines.

21
22 **EPIDEMIOLOGY**

23 Sec. 851. The department shall provide a report annually to
24 the house of representatives and senate appropriations
25 subcommittees on community health, the senate and house fiscal

1 agencies, and the state budget director on the expenditures and
2 activities undertaken by the lead abatement program. The report
3 shall include, but is not limited to, a funding allocation
4 schedule, expenditures by category of expenditure and by
5 subcontractor, revenues received, description of program elements,
6 and description of program accomplishments and progress.

8 **LOCAL HEALTH ADMINISTRATION AND GRANTS**

9 Sec. 901. The amount appropriated in part 1 for implementation
10 of the 1993 amendments to sections 9161, 16221, 16226, 17014,
11 17015, and 17515 of the public health code, 1978 PA 368, MCL
12 333.9161, 333.16221, 333.16226, 333.17014, 333.17015, and
13 333.17515, shall reimburse local health departments for costs
14 incurred related to implementation of section 17015(18) of the
15 public health code, 1978 PA 368, MCL 333.17015.

16 Sec. 902. If a county that has participated in a district
17 health department or an associated arrangement with other local
18 health departments takes action to cease to participate in such an
19 arrangement after October 1, 2007, the department shall have the
20 authority to assess a penalty from the local health department's
21 operational accounts in an amount equal to no more than 5% of the
22 local health department's local public health operations funding.
23 This penalty shall only be assessed to the local county that
24 requests the dissolution of the health department.

1 Sec. 904. (1) Funds appropriated in part 1 for local public
2 health operations shall be prospectively allocated to local health
3 departments to support immunizations, infectious disease control,
4 sexually transmitted disease control and prevention, hearing
5 screening, vision services, food protection, public water supply,
6 private groundwater supply, and on-site sewage management. Food
7 protection shall be provided in consultation with the Michigan
8 department of agriculture. Public water supply, private
9 groundwater supply, and on-site sewage management shall be provided
10 in consultation with the Michigan department of environmental
11 quality.

12 (2) Local public health departments will be held to
13 contractual standards for the services in subsection (1).

14 (3) Distributions in subsection (1) shall be made only to
15 counties that maintain local spending in fiscal year 2006-2007 of
16 at least the amount expended in fiscal year 1992-1993 for the
17 services described in subsection (1).

18 (4) By April 1, 2008, the department shall make available upon
19 request a report to the senate or house of representatives
20 appropriations subcommittee on community health, the senate or
21 house fiscal agency, or the state budget director on the planned
22 allocation of the funds appropriated for local public health
23 operations.

24 Sec. 905. From the funds appropriated in part 1 for local
25 public health operations, \$5,150,000.00 shall be used to continue

1 funding hearing and vision screening services through local public
2 health departments.

3
4 **CHRONIC DISEASE AND INJURY PREVENTION AND HEALTH PROMOTION**

5 Sec. 1003. Funds appropriated in part 1 for the Alzheimer's
6 information network shall be used to provide information and
7 referral services through regional networks for persons with
8 Alzheimer's disease or related disorders, their families, and
9 health care providers.

10 Sec. 1006. (1) In spending the funds appropriated in part 1
11 for the smoking prevention program, priority shall be given to
12 prevention and smoking cessation programs for pregnant women, women
13 with young children, and adolescents.

14 (2) For purposes of complying with 2004 PA 164, \$900,000.00 of
15 the funds appropriated in part 1 for the smoking prevention program
16 shall be used for the quit kit program that includes the nicotine
17 patch or nicotine gum.

18 Sec. 1007. (1) The funds appropriated in part 1 for violence
19 prevention shall be used for, but not be limited to, the following:

20 (a) Programs aimed at the prevention of spouse, partner, or
21 child abuse and rape.

22 (b) Programs aimed at the prevention of workplace violence.

23 (2) In awarding grants from the amounts appropriated in part 1
24 for violence prevention, the department shall give equal
25 consideration to public and private nonprofit applicants.

1 (3) From the funds appropriated in part 1 for violence
2 prevention, the department may include local school districts as
3 recipients of the funds for family violence prevention programs.

4 Sec. 1009. From the funds appropriated in part 1 for the
5 diabetes and kidney program, a portion of the funds may be
6 allocated to the National Kidney Foundation of Michigan for kidney
7 disease prevention programming including early identification and
8 education programs and kidney disease prevention demonstration
9 projects.

10 Sec. 1028. Contingent on the availability of state-restricted
11 healthy Michigan fund money or federal preventive health and health
12 services block grant fund money, funds may be appropriated for the
13 African-American male health initiative.

14
15 **FAMILY, MATERNAL, AND CHILDREN'S HEALTH SERVICES**

16 Sec. 1101. The department shall review the basis for the
17 distribution of funds to local health departments and other public
18 and private agencies for the women, infants, and children food
19 supplement program; family planning; and prenatal care outreach and
20 service delivery support program and indicate the basis upon which
21 any projected underexpenditures by local public and private
22 agencies shall be reallocated to other local agencies that
23 demonstrate need.

24 Sec. 1104. Before April 1, 2008, the department shall submit a
25 report to the house and senate fiscal agencies and the state budget

1 director on planned allocations from the amounts appropriated in
2 part 1 for local MCH services, prenatal care outreach and service
3 delivery support, family planning local agreements, and pregnancy
4 prevention programs. Using applicable federal definitions, the
5 report shall include information on all of the following:

6 (a) Funding allocations.

7 (b) Actual number of women, children, and/or adolescents
8 served and amounts expended for each group for the fiscal year
9 2006-2007.

10 Sec. 1105. For all programs for which an appropriation is made
11 in part 1, the department shall contract with those local agencies
12 best able to serve clients. Factors to be used by the department
13 in evaluating agencies under this section shall include ability to
14 serve high-risk population groups; ability to serve low-income
15 clients, where applicable; availability of, and access to, service
16 sites; management efficiency; and ability to meet federal
17 standards, when applicable.

18 Sec. 1106. Each family planning program receiving federal
19 title X family planning funds shall be in compliance with all
20 performance and quality assurance indicators that the United States
21 bureau of community health services specifies in the family
22 planning annual report. An agency not in compliance with the
23 indicators shall not receive supplemental or reallocated funds.

24 Sec. 1107. Of the amount appropriated in part 1 for prenatal
25 care outreach and service delivery support, not more than 9% shall

1 be expended for local administration, data processing, and
2 evaluation.

3 Sec. 1108. The funds appropriated in part 1 for pregnancy
4 prevention programs shall not be used to provide abortion
5 counseling, referrals, or services.

6 Sec. 1109. (1) From the amounts appropriated in part 1 for
7 dental programs, funds shall be allocated to the Michigan dental
8 association for the administration of a volunteer dental program
9 that shall provide dental services to the uninsured in an amount
10 that is no less than the amount allocated to that program in fiscal
11 year 1996-1997.

12 (2) Not later than December 1 of the current fiscal year, the
13 department shall make available upon request a report to the senate
14 or house of representatives appropriations subcommittee on
15 community health or the senate or house of representatives standing
16 committee on health policy the number of individual patients
17 treated, number of procedures performed, and approximate total
18 market value of those procedures through September 30, 2007.

19 Sec. 1110. Agencies that currently receive pregnancy
20 prevention funds and either receive or are eligible for other
21 family planning funds shall have the option of receiving all of
22 their family planning funds directly from the department of
23 community health and be designated as delegate agencies.

24 Sec. 1111. The department shall allocate no less than 88% of
25 the funds appropriated in part 1 for family planning local

1 agreements and the pregnancy prevention program for the direct
2 provision of family planning/pregnancy prevention services.

3 Sec. 1112. From the funds appropriated in part 1 for prenatal
4 care outreach and service delivery support, the department shall
5 allocate at least \$1,000,000.00 to communities with high infant
6 mortality rates.

7 Sec. 1129. The department shall provide a report annually to
8 the house of representatives and senate appropriations
9 subcommittees on community health, the house and senate fiscal
10 agencies, and the state budget director on the number of children
11 with elevated blood lead levels from information available to the
12 department. The report shall provide the information by county,
13 shall include the level of blood lead reported, and shall indicate
14 the sources of the information.

15 Sec. 1133. The department shall release infant mortality rate
16 data to all local public health departments no later than 48 hours
17 prior to releasing infant mortality rate data to the public.

18
19 **WOMEN, INFANTS, AND CHILDREN FOOD AND NUTRITION PROGRAM**

20 Sec. 1151. The department may work with local participating
21 agencies to define local annual contributions for the farmer's
22 market nutrition program, project FRESH, to enable the department
23 to request federal matching funds based on local commitment of
24 funds.

1 **CHILDREN'S SPECIAL HEALTH CARE SERVICES**

2 Sec. 1201. Funds appropriated in part 1 for medical care and
3 treatment of children with special health care needs shall be paid
4 according to reimbursement policies determined by the Michigan
5 medical services program. Exceptions to these policies may be
6 taken with the prior approval of the state budget director.

7 Sec. 1202. The department may do 1 or more of the following:

8 (a) Provide special formula for eligible clients with
9 specified metabolic and allergic disorders.

10 (b) Provide medical care and treatment to eligible patients
11 with cystic fibrosis who are 21 years of age or older.

12 (c) Provide genetic diagnostic and counseling services for
13 eligible families.

14 (d) Provide medical care and treatment to eligible patients
15 with hereditary coagulation defects, commonly known as hemophilia,
16 who are 21 years of age or older.

17 Sec. 1203. All children who are determined medically eligible
18 for the children's special health care services program shall be
19 referred to the appropriate locally based services program in their
20 community.

21
22 **OFFICE OF DRUG CONTROL POLICY**

23 Sec. 1250. The department shall provide \$1,800,000.00 in Byrne
24 formula grant program funding to the judiciary by interdepartmental
25 grant.

1
2 **OFFICE OF SERVICES TO THE AGING**

3 Sec. 1401. The appropriation in part 1 to the office of
4 services to the aging, for community and nutrition services and
5 home services, shall be restricted to eligible individuals at least
6 60 years of age who fail to qualify for home care services under
7 title XVIII, XIX, or XX.

8 Sec. 1403. The office of services to the aging shall require
9 each region to report to the office of services to the aging home
10 delivered meals waiting lists based upon standard criteria.
11 Determining criteria shall include all of the following:

12 (a) The recipient's degree of frailty.

13 (b) The recipient's inability to prepare his or her own meals
14 safely.

15 (c) Whether the recipient has another care provider available.

16 (d) Any other qualifications normally necessary for the
17 recipient to receive home delivered meals.

18 Sec. 1404. The area agencies and local providers may receive
19 and expend fees for the provision of day care, care management,
20 respite care, and certain eligible home- and community-based
21 services. The fees shall be based on a sliding scale, taking
22 client income into consideration. The fees shall be used to expand
23 services.

24 Sec. 1406. The appropriation of \$5,000,000.00 of merit award
25 trust funds to the office of services to the aging for the respite

1 care program shall be allocated in accordance with a long-term care
2 plan developed by the long-term care working group established in
3 section 1657 of 1998 PA 336 upon implementation of the plan. The
4 use of the funds shall be for direct respite care or adult respite
5 care center services. Not more than 9% of the amount allocated
6 under this section shall be expended for administration and
7 administrative purposes.

8 Sec. 1413. The office of services to the aging affirms the
9 commitment to locally-based services, and supports the role of
10 local county board of commissioners in the approval of area agency
11 on aging plans. Local counties may request to change membership in
12 the area agencies on aging if the change is to an area agency on
13 aging region that is contiguous to that county pursuant to office
14 of services to the aging policies and procedures for area agency of
15 aging designation. The office of services to the aging may work
16 with others to provide training to commissions to better understand
17 and advocate for aging issues. Area agencies on aging are
18 prohibited from providing direct services, other than access
19 services, unless the agencies receive a waiver from the commission
20 on services to the aging. This section is conditioned on
21 compliance with federal and state laws, rules, and policies.

22 Sec. 1416. The office of services to the aging may provide in-
23 home services, resources, and assistance for the frail elderly who
24 are not being served by the Medicaid home- and community-based
25 services waiver program.

1
2 **MICHIGAN FIRST HEALTHCARE PLAN**

3 Sec. 1501. (1) Funds appropriated in part 1 for the Michigan
4 first healthcare plan are contingent upon approval of a waiver from
5 the federal government.

6 (2) In addition to the funds appropriated in part 1 for the
7 Michigan first healthcare plan, up to \$300,000,000.00 in federal
8 funds shall be appropriated upon approval of a waiver from the
9 federal government.

10
11 **MEDICAL SERVICES**

12 Sec. 1601. The cost of remedial services incurred by residents
13 of licensed adult foster care homes and licensed homes for the aged
14 shall be used in determining financial eligibility for the
15 medically needy. Remedial services include basic self-care and
16 rehabilitation training for a resident.

17 Sec. 1602. Medical services shall be provided to elderly and
18 disabled persons with incomes less than or equal to 100% of the
19 official poverty level, pursuant to the state's option to elect
20 such coverage set out at section 1902(a)(10)(A)(ii) and (m) of
21 title XIX, 42 USC 1396a.

22 Sec. 1603. (1) The department may establish a program for
23 persons to purchase medical coverage at a rate determined by the
24 department.

1 (2) The department may receive and expend premiums for the
2 buy-in of medical coverage in addition to the amounts appropriated
3 in part 1.

4 (3) The premiums described in this section shall be classified
5 as private funds.

6 Sec. 1604. If an applicant for Medicaid coverage is found to
7 be eligible, the department shall provide payment for all of the
8 Medicaid covered and appropriately authorized services that have
9 been provided to that applicant since the first day of the month in
10 which the applicant filed and the department of human services
11 received the application for Medicaid coverage. Receipt of the
12 application by a local department of human services office is
13 considered the date the application is received. If an application
14 is submitted on the last day of the month and that day falls on a
15 weekend or a holiday and the application is received by the local
16 department of human services office on the first business day
17 following the end of the month, then receipt of the application is
18 considered to have been on the last day of the previous month. As
19 used in this section, "completed application" means an application
20 complete on its face and signed by the applicant regardless of
21 whether the medical documentation required to make an eligibility
22 determination is included.

23 Sec. 1605. (1) The protected income level for Medicaid
24 coverage determined pursuant to section 106(1)(b)(iii) of the

1 social welfare act, 1939 PA 280, MCL 400.106, shall be 100% of the
2 related public assistance standard.

3 (2) The department shall notify the senate and house of
4 representatives appropriations subcommittees on community health
5 and the state budget director of any proposed revisions to the
6 protected income level for Medicaid coverage related to the public
7 assistance standard 90 days prior to implementation.

8 Sec. 1606. For the purpose of guardian and conservator
9 charges, the department of community health may deduct up to \$45.00
10 per month as an allowable expense against a recipient's income when
11 determining medical services eligibility and patient pay amounts.

12 Sec. 1607. (1) An applicant for Medicaid, whose qualifying
13 condition is pregnancy, shall immediately be presumed to be
14 eligible for Medicaid coverage unless the preponderance of evidence
15 in her application indicates otherwise. The applicant who is
16 qualified as described in this subsection shall be allowed to
17 select or remain with the Medicaid participating obstetrician of
18 her choice.

19 (2) An applicant qualified as described in subsection (1)
20 shall be given a letter of authorization to receive Medicaid
21 covered services related to her pregnancy. All qualifying
22 applicants shall be entitled to receive all medically necessary
23 obstetrical and prenatal care without preauthorization from a
24 health plan. All claims submitted for payment for obstetrical and
25 prenatal care shall be paid at the Medicaid fee-for-service rate in

1 the event a contract does not exist between the Medicaid
2 participating obstetrical or prenatal care provider and the managed
3 care plan. The applicant shall receive a listing of Medicaid
4 physicians and managed care plans in the immediate vicinity of the
5 applicant's residence.

6 (3) In the event that an applicant, presumed to be eligible
7 pursuant to subsection (1), is subsequently found to be ineligible,
8 a Medicaid physician or managed care plan that has been providing
9 pregnancy services to an applicant under this section is entitled
10 to reimbursement for those services until such time as they are
11 notified by the department that the applicant was found to be
12 ineligible for Medicaid.

13 (4) If the preponderance of evidence in an application
14 indicates that the applicant is not eligible for Medicaid, the
15 department shall refer that applicant to the nearest public health
16 clinic or similar entity as a potential source for receiving
17 pregnancy-related services.

18 (5) The department shall develop an enrollment process for
19 pregnant women covered under this section that facilitates the
20 selection of a managed care plan at the time of application.

21 Sec. 1611. (1) For care provided to medical services
22 recipients with other third-party sources of payment, medical
23 services reimbursement shall not exceed, in combination with such
24 other resources, including Medicare, those amounts established for
25 medical services-only patients. The medical services payment rate

1 shall be accepted as payment in full. Other than an approved
2 medical services copayment, no portion of a provider's charge shall
3 be billed to the recipient or any person acting on behalf of the
4 recipient. Nothing in this section shall be considered to affect
5 the level of payment from a third-party source other than the
6 medical services program. The department shall require a
7 nonenrolled provider to accept medical services payments as payment
8 in full.

9 (2) Notwithstanding subsection (1), medical services
10 reimbursement for hospital services provided to dual
11 Medicare/medical services recipients with Medicare part B coverage
12 only shall equal, when combined with payments for Medicare and
13 other third-party resources, if any, those amounts established for
14 medical services-only patients, including capital payments.

15 Sec. 1620. (1) For fee-for-service recipients who do not
16 reside in nursing homes, the pharmaceutical dispensing fee shall be
17 \$2.50 or the pharmacy's usual or customary cash charge, whichever
18 is less. For nursing home residents, the pharmaceutical dispensing
19 fee shall be \$2.75 or the pharmacy's usual or customary cash
20 charge, whichever is less.

21 (2) The department shall require a prescription copayment for
22 Medicaid recipients of \$1.00 for a generic drug and \$3.00 for a
23 brand-name drug, except as prohibited by federal or state law or
24 regulation.

1 (3) For fee-for-service recipients, an optional mail-order
2 pharmacy program shall be available.

3 Sec. 1623. (1) The department shall continue the Medicaid
4 policy that allows for the dispensing of a 100-day supply for
5 maintenance drugs.

6 (2) The department shall notify all HMOs, physicians,
7 pharmacies, and other medical providers that are enrolled in the
8 Medicaid program that Medicaid policy allows for the dispensing of
9 a 100-day supply for maintenance drugs.

10 (3) The notice in subsection (2) shall also clarify that a
11 pharmacy shall fill a prescription written for maintenance drugs in
12 the quantity specified by the physician, but not more than the
13 maximum allowed under Medicaid, unless subsequent consultation with
14 the prescribing physician indicates otherwise.

15 Sec. 1625. The department shall continue its practice of
16 placing all atypical antipsychotic medications on the Medicaid
17 preferred drug list.

18 Sec. 1627. (1) The department shall use procedures and rebates
19 amounts specified under section 1927 of title XIX, 42 USC 1396r-8,
20 to secure quarterly rebates from pharmaceutical manufacturers for
21 outpatient drugs dispensed to participants in the MICHild program,
22 maternal outpatient medical services program, children's special
23 health care services, and adult benefit waiver program.

1 (2) For products distributed by pharmaceutical manufacturers
2 not providing quarterly rebates as listed in subsection (1), the
3 department may require preauthorization.

4 Sec. 1629. The department shall utilize maximum allowable cost
5 pricing for generic drugs that is based on wholesaler pricing to
6 providers that is available from at least 2 wholesalers who deliver
7 in the state of Michigan.

8 Sec. 1630. (1) Medicaid coverage for podiatric services, adult
9 dental services, and chiropractic services shall continue at not
10 less than the level in effect on October 1, 2002, except that
11 reasonable utilization limitations may be adopted in order to
12 prevent excess utilization. The department shall not impose
13 utilization restrictions on chiropractic services unless a
14 recipient has exceeded 18 office visits within 1 year.

15 (2) The department may implement the bulk purchase of hearing
16 aids, impose limitations on binaural hearing aid benefits, and
17 limit the replacement of hearing aids to once every 3 years.

18 Sec. 1631. (1) The department shall require copayments on
19 dental, podiatric, chiropractic, vision, and hearing aid services
20 provided to Medicaid recipients, except as prohibited by federal or
21 state law or regulation.

22 (2) Except as otherwise prohibited by federal or state law or
23 regulations, the department shall require Medicaid recipients to
24 pay the following copayments:

25 (a) Two dollars for a physician office visit.

1 (b) Six dollars for a hospital emergency room visit.

2 (c) Fifty dollars for the first day of an inpatient hospital
3 stay.

4 (d) One dollar for an outpatient hospital visit.

5 Sec. 1637. (1) All adult Medicaid recipients shall be offered
6 the opportunity to sign a Medicaid personal responsibility
7 agreement.

8 (2) The personal responsibility agreement shall include at
9 minimum the following provisions:

10 (a) That the recipient shall not smoke.

11 (b) That the recipient shall attend all scheduled medical
12 appointments.

13 (c) That the recipient shall exercise regularly.

14 (d) That if the recipient has children, those children shall
15 be up to date on their immunizations.

16 (e) That the recipient shall abstain from abusing controlled
17 substances and narcotics.

18 Sec. 1641. An institutional provider that is required to
19 submit a cost report under the medical services program shall
20 submit cost reports completed in full within 5 months after the end
21 of its fiscal year.

22 Sec. 1643. Of the funds appropriated in part 1 for graduate
23 medical education in the hospital services and therapy line-item
24 appropriation, not less than \$10,359,000.00 shall be allocated for
25 the psychiatric residency training program that establishes and

1 maintains collaborative relations with the schools of medicine at
2 Michigan State University and Wayne State University if the
3 necessary allowable Medicaid matching funds are provided by the
4 universities.

5 Sec. 1648. The department shall maintain an automated toll-
6 free phone line and make available an on-line resource to enable
7 medical providers to obtain enrollment and benefit information of
8 Medicaid recipients. There shall be no charge to providers for the
9 use of the toll-free phone line or on-line resource.

10 Sec. 1649. From the funds appropriated in part 1 for medical
11 services, the department shall continue breast and cervical cancer
12 treatment coverage for women up to 250% of the federal poverty
13 level, who are under age 65, and who are not otherwise covered by
14 insurance. This coverage shall be provided to women who have been
15 screened through the centers for disease control breast and
16 cervical cancer early detection program, and are found to have
17 breast or cervical cancer, pursuant to the breast and cervical
18 cancer prevention and treatment act of 2000, Public Law 106-354,
19 114 Stat. 1381.

20 Sec. 1650. (1) The department may require medical services
21 recipients residing in counties offering managed care options to
22 choose the particular managed care plan in which they wish to be
23 enrolled. Persons not expressing a preference may be assigned to a
24 managed care provider.

1 (2) Persons to be assigned a managed care provider shall be
2 informed in writing of the criteria for exceptions to capitated
3 managed care enrollment, their right to change HMOs for any reason
4 within the initial 90 days of enrollment, the toll-free telephone
5 number for problems and complaints, and information regarding
6 grievance and appeals rights.

7 (3) The criteria for medical exceptions to HMO enrollment
8 shall be based on submitted documentation that indicates a
9 recipient has a serious medical condition, and is undergoing active
10 treatment for that condition with a physician who does not
11 participate in 1 of the HMOs. If the person meets the criteria
12 established by this subsection, the department shall grant an
13 exception to mandatory enrollment at least through the current
14 prescribed course of treatment, subject to periodic review of
15 continued eligibility.

16 Sec. 1651. (1) Medical services patients who are enrolled in
17 HMOs have the choice to elect hospice services or other services
18 for the terminally ill that are offered by the HMOs. If the
19 patient elects hospice services, those services shall be provided
20 in accordance with part 214 of the public health code, 1978 PA 368,
21 MCL 333.21401 to 333.21420.

22 (2) The department shall not amend the medical services
23 hospice manual in a manner that would allow hospice services to be
24 provided without making available all comprehensive hospice
25 services described in 42 CFR part 418.

1 Sec. 1653. Implementation and contracting for managed care by
2 the department through HMOs shall be subject to the following
3 conditions:

4 (a) Continuity of care is assured by allowing enrollees to
5 continue receiving required medically necessary services from their
6 current providers for a period not to exceed 1 year if enrollees
7 meet the managed care medical exception criteria.

8 (b) The department shall require contracted HMOs to submit
9 data determined necessary for evaluation on a timely basis.

10 (c) Mandatory enrollment of Medicaid beneficiaries living in
11 counties defined as rural by the federal government, which is any
12 nonurban standard metropolitan statistical area, is allowed if
13 there is only 1 HMO serving the Medicaid population, as long as
14 each Medicaid beneficiary is assured of having a choice of at least
15 2 physicians by the HMO.

16 (d) Enrollment of recipients of children's special health care
17 services in HMOs shall be voluntary during the fiscal year.

18 (e) The department shall develop a case adjustment to its rate
19 methodology that considers the costs of persons with HIV/AIDS, end
20 stage renal disease, organ transplants, and other high-cost
21 diseases or conditions and shall implement the case adjustment when
22 it is proven to be actuarially and fiscally sound. Implementation
23 of the case adjustment must be budget neutral.

24 Sec. 1654. Medicaid HMOs shall provide for reimbursement of
25 HMO covered services delivered other than through the HMO's

1 providers if medically necessary and approved by the HMO,
2 immediately required, and that could not be reasonably obtained
3 through the HMO's providers on a timely basis. Such services shall
4 be considered approved if the HMO does not respond to a request for
5 authorization within 24 hours of the request. Reimbursement shall
6 not exceed the Medicaid fee-for-service payment for those services.

7 Sec. 1655. (1) The department may require a 12-month lock-in
8 to the HMO selected by the recipient during the initial and
9 subsequent open enrollment periods, but allow for good cause
10 exceptions during the lock-in period.

11 (2) Medicaid recipients shall be allowed to change HMOs for
12 any reason within the initial 90 days of enrollment.

13 Sec. 1656. (1) The department shall provide an expedited
14 complaint review procedure for Medicaid eligible persons enrolled
15 in HMOs for situations in which failure to receive any health care
16 service would result in significant harm to the enrollee.

17 (2) The department shall provide for a toll-free telephone
18 number for Medicaid recipients enrolled in managed care to assist
19 with resolving problems and complaints. If warranted, the
20 department shall immediately disenroll persons from managed care
21 and approve fee-for-service coverage.

22 Sec. 1657. (1) Reimbursement for medical services to screen
23 and stabilize a Medicaid recipient, including stabilization of a
24 psychiatric crisis, in a hospital emergency room shall not be made
25 contingent on obtaining prior authorization from the recipient's

1 HMO. If the recipient is discharged from the emergency room, the
2 hospital shall notify the recipient's HMO within 24 hours of the
3 diagnosis and treatment received.

4 (2) If the treating hospital determines that the recipient
5 will require further medical service or hospitalization beyond the
6 point of stabilization, that hospital must receive authorization
7 from the recipient's HMO prior to admitting the recipient.

8 (3) Subsections (1) and (2) shall not be construed as a
9 requirement to alter an existing agreement between an HMO and their
10 contracting hospitals nor as a requirement that an HMO must
11 reimburse for services that are not considered to be medically
12 necessary.

13 (4) Prior to contracting with an HMO for managed care services
14 that did not have a contract with the department before October 1,
15 2002, the department shall receive assurances from the office of
16 financial and insurance services that the HMO meets the net worth
17 and financial solvency requirements contained in chapter 35 of the
18 insurance code of 1956, 1956 PA 218, MCL 500.3501 to 500.3580.

19 Sec. 1658. (1) HMOs shall have contracts with hospitals within
20 a reasonable distance from their enrollees. If a hospital does not
21 contract with the HMO in its service area, that hospital shall
22 enter into a hospital access agreement as specified in the medical
23 services administration bulletin hospital 01-19.

24 (2) A hospital access agreement specified in subsection (1)
25 shall be considered an affiliated provider contract pursuant to the

1 requirements contained in chapter 35 of the insurance code of 1956,
2 1956 PA 218, MCL 500.3501 to 500.3580.

3 Sec. 1659. The following sections of this bill are the only
4 ones that shall apply to the following Medicaid managed care
5 programs, including the comprehensive plan, MIChoice long-term care
6 plan, and the mental health, substance abuse, and developmentally
7 disabled services program: 401, 402, 404, 411, 414, 418, 424, 428,
8 456, 1650, 1651, 1653, 1654, 1655, 1656, 1657, 1658, 1660, 1661,
9 1662, and 1699.

10 Sec. 1660. (1) The department shall assure that all Medicaid
11 children have timely access to EPSDT services as required by
12 federal law. Medicaid HMOs shall provide EPSDT services to their
13 child members in accordance with Medicaid EPSDT policy.

14 (2) The primary responsibility of assuring a child's hearing
15 and vision screening is with the child's primary care provider.
16 The primary care provider shall provide age-appropriate screening
17 or arrange for these tests through referrals to local health
18 departments. Local health departments shall provide preschool
19 hearing and vision screening services and accept referrals for
20 these tests from physicians or from Head Start programs in order to
21 assure all preschool children have appropriate access to hearing
22 and vision screening. Local health departments shall be reimbursed
23 for the cost of providing these tests for Medicaid eligible
24 children by the Medicaid program.

1 (3) The department shall require Medicaid HMOs to provide
2 EPSDT utilization data through the encounter data system, and
3 health employer data and information set well child health measures
4 in accordance with the National Committee on Quality Assurance
5 prescribed methodology.

6 (4) The department shall require HMOs to be responsible for
7 well child visits and maternal and infant support services as
8 described in Medicaid policy. These responsibilities shall be
9 specified in the information distributed by the HMOs to their
10 members.

11 (5) The department shall provide, on an annual basis, budget
12 neutral incentives to Medicaid HMOs and local health departments to
13 improve performance on measures related to the care of children and
14 pregnant women.

15 Sec. 1661. (1) The department shall assure that all Medicaid
16 eligible children and pregnant women have timely access to MSS/ISS
17 services. Medicaid HMOs shall assure that maternal support service
18 screening is available to their pregnant members and that those
19 women found to meet the maternal support service high-risk criteria
20 are offered maternal support services. Local health departments
21 shall assure that maternal support service screening is available
22 for Medicaid pregnant women not enrolled in an HMO and that those
23 women found to meet the maternal support service high-risk criteria
24 are offered maternal support services or are referred to a
25 certified maternal support service provider.

1 (2) The department shall prohibit HMOs from requiring prior
2 authorization of their contracted providers for any EPSDT screening
3 and diagnosis service, for any MSS/ISS screening referral, or for
4 up to 3 MSS/ISS service visits.

5 (3) The department shall assure the coordination of MSS/ISS
6 services with the WIC program, state-supported substance abuse,
7 smoking prevention, and violence prevention programs, the
8 department of human services, and any other state or local program
9 with a focus on preventing adverse birth outcomes and child abuse
10 and neglect.

11 Sec. 1662. (1) The department shall assure that an external
12 quality review of each contracting HMO is performed that results in
13 an analysis and evaluation of aggregated information on quality,
14 timeliness, and access to health care services that the HMO or its
15 contractors furnish to Medicaid beneficiaries.

16 (2) The department shall provide a copy of the analysis of the
17 Medicaid HMO annual audited health employer data and information
18 set reports and the annual external quality review report to the
19 senate and house of representatives appropriations subcommittees on
20 community health, the senate and house fiscal agencies, and the
21 state budget director, within 30 days of the department's receipt
22 of the final reports from the contractors.

23 (3) The department shall work with the Michigan association of
24 health plans and the Michigan association for local public health

1 to improve service delivery and coordination in the MSS/ISS and
2 EPSDT programs.

3 (4) The department shall assure that training and technical
4 assistance are available for EPSDT and MSS/ISS for Medicaid health
5 plans, local health departments, and MSS/ISS contractors.

6 Sec. 1670. (1) The appropriation in part 1 for the MICHild
7 program is to be used to provide comprehensive health care to all
8 children under age 19 who reside in families with income at or
9 below 200% of the federal poverty level, who are uninsured and have
10 not had coverage by other comprehensive health insurance within 6
11 months of making application for MICHild benefits, and who are
12 residents of this state. The department shall develop detailed
13 eligibility criteria through the medical services administration
14 public concurrence process, consistent with the provisions of this
15 bill. Health coverage for children in families between 150% and
16 200% of the federal poverty level shall be provided through a
17 state-based private health care program.

18 (2) The department may provide up to 1 year of continuous
19 eligibility to children eligible for the MICHild program unless the
20 family fails to pay the monthly premium, a child reaches age 19, or
21 the status of the children's family changes and its members no
22 longer meet the eligibility criteria as specified in the federally
23 approved MICHild state plan.

24 (3) Children whose category of eligibility changes between the
25 Medicaid and MICHild programs shall be assured of keeping their

1 current health care providers through the current prescribed course
2 of treatment for up to 1 year, subject to periodic reviews by the
3 department if the beneficiary has a serious medical condition and
4 is undergoing active treatment for that condition.

5 (4) To be eligible for the MICHild program, a child must be
6 residing in a family with an adjusted gross income of less than or
7 equal to 200% of the federal poverty level. The department's
8 verification policy shall be used to determine eligibility.

9 (5) The department shall enter into a contract to obtain
10 MICHild services from any HMO, dental care corporation, or any
11 other entity that offers to provide the managed health care
12 benefits for MICHild services at the MICHild capitated rate. As
13 used in this subsection:

14 (a) "Dental care corporation", "health care corporation",
15 "insurer", and "prudent purchaser agreement" mean those terms as
16 defined in section 2 of the prudent purchaser act, 1984 PA 233, MCL
17 550.52.

18 (b) "Entity" means a health care corporation or insurer
19 operating in accordance with a prudent purchaser agreement.

20 (6) The department may enter into contracts to obtain certain
21 MICHild services from community mental health service programs.

22 (7) The department may make payments on behalf of children
23 enrolled in the MICHild program from the line-item appropriation
24 associated with the program as described in the MICHild state plan

1 approved by the United States department of health and human
2 services.

3 Sec. 1673. (1) The department may establish premiums for
4 MICHild eligible persons in families with income above 150% of the
5 federal poverty level. The monthly premiums shall not be less than
6 \$10.00 or exceed \$15.00 for a family.

7 (2) The department shall not require copayments under the
8 MICHild program.

9 Sec. 1680. Payment increases for enhanced wages and new or
10 enhanced employee benefits provided in previous years through the
11 Medicaid nursing home wage pass-through program shall be continued.

12 Sec. 1681. From the funds appropriated in part 1 for home- and
13 community-based services, the department and local waiver agents
14 shall encourage the use of family members, friends, and neighbors
15 of home- and community-based services participants, where
16 appropriate, to provide homemaker services, meal preparation,
17 transportation, chore services, and other nonmedical covered
18 services to participants in the Medicaid home- and community-based
19 services program. This section shall not be construed as allowing
20 for the payment of family members, friends, or neighbors for these
21 services unless explicitly provided for in federal or state law.

22 Sec. 1682. (1) The department shall implement enforcement
23 actions as specified in the nursing facility enforcement provisions
24 of section 1919 of title XIX, 42 USC 1396r.

1 (2) The department is authorized to receive and spend penalty
2 money received as the result of noncompliance with medical services
3 certification regulations. Penalty money, characterized as private
4 funds, received by the department shall increase authorizations and
5 allotments in the long-term care accounts.

6 (3) Any unexpended penalty money, at the end of the year,
7 shall carry forward to the following year.

8 Sec. 1683. The department shall promote activities that
9 preserve the dignity and rights of terminally ill and chronically
10 ill individuals. Priority shall be given to programs, such as
11 hospice, that focus on individual dignity and quality of care
12 provided persons with terminal illness and programs serving persons
13 with chronic illnesses that reduce the rate of suicide through the
14 advancement of the knowledge and use of improved, appropriate pain
15 management for these persons; and initiatives that train health
16 care practitioners and faculty in managing pain, providing
17 palliative care, and suicide prevention.

18 Sec. 1685. All nursing home rates, class I and class III, must
19 have their respective fiscal year rate set 30 days prior to the
20 beginning of their rate year. Rates may take into account the most
21 recent cost report prepared and certified by the preparer, provider
22 corporate owner or representative as being true and accurate, and
23 filed timely, within 5 months of the fiscal year end in accordance
24 with Medicaid policy. If the audited version of the last report is
25 available, it shall be used. Any rate factors based on the filed

1 cost report may be retroactively adjusted upon completion of the
2 audit of that cost report.

3 Sec. 1688. The department shall not impose a limit on per unit
4 reimbursements to service providers that provide personal care or
5 other services under the Medicaid home- and community-based
6 services waiver program for the elderly and disabled. The
7 department's per day per client reimbursement cap calculated in the
8 aggregate for all services provided under the Medicaid home- and
9 community-based services waiver is not a violation of this section.

10 Sec. 1689. Priority in enrolling additional persons in the
11 Medicaid home- and community-based services waiver program shall be
12 given to those who are currently residing in nursing homes or who
13 are eligible to be admitted to a nursing home if they are not
14 provided home- and community-based services. The department shall
15 use screening and assessment procedures to assure that no
16 additional Medicaid eligible persons are admitted to nursing homes
17 who would be more appropriately served by the Medicaid home- and
18 community-based services waiver program.

19 Sec. 1690. The department shall limit the annual increase in
20 the variable cost component and the variable cost limit of the
21 Medicaid reimbursement rate for nursing facilities and hospital
22 long term care units to no more than the annual increase in the
23 Center for Medicare and Medicaid Services nursing home market
24 basket index.

1 Sec. 1692. (1) The department of community health is
2 authorized to pursue reimbursement for eligible services provided
3 in Michigan schools from the federal Medicaid program. The
4 department and the state budget director are authorized to
5 negotiate and enter into agreements, together with the department
6 of education, with local and intermediate school districts
7 regarding the sharing of federal Medicaid services funds received
8 for these services. The department is authorized to receive and
9 disburse funds to participating school districts pursuant to such
10 agreements and state and federal law.

11 (2) From the funds appropriated in part 1 for medical services
12 school services payments, the department is authorized to do all of
13 the following:

14 (a) Finance activities within the medical services
15 administration related to this project.

16 (b) Reimburse participating school districts pursuant to the
17 fund-sharing ratios negotiated in the state-local agreements
18 authorized in subsection (1).

19 (c) Offset general fund costs associated with the medical
20 services program.

21 Sec. 1693. The special Medicaid reimbursement appropriation in
22 part 1 may be increased if the department submits a medical
23 services state plan amendment pertaining to this line item at a
24 level higher than the appropriation. The department is authorized

1 to appropriately adjust financing sources in accordance with the
2 increased appropriation.

3 Sec. 1694. The department of community health shall distribute
4 \$695,000.00 to children's hospitals that have a high indigent care
5 volume. The amount to be distributed to any given hospital shall
6 be based on a formula determined by the department of community
7 health.

8 Sec. 1697. (1) As may be allowed by federal law or regulation,
9 the department may use funds provided by a local or intermediate
10 school district, which have been obtained from a qualifying health
11 system, as the state match required for receiving federal Medicaid
12 or children health insurance program funds. Any such funds
13 received shall be used only to support new school-based or school-
14 linked health services.

15 (2) A qualifying health system is defined as any health care
16 entity licensed to provide health care services in the state of
17 Michigan, that has entered into a contractual relationship with a
18 local or intermediate school district to provide or manage school-
19 based or school-linked health services.

20 Sec. 1699. The department may make separate payments directly
21 to qualifying hospitals serving a disproportionate share of
22 indigent patients in the amount of \$45,000,000.00, and to hospitals
23 providing graduate medical education training programs. If direct
24 payment for GME and DSH is made to qualifying hospitals for

1 services to Medicaid clients, hospitals will not include GME costs
2 or DSH payments in their contracts with HMOs.

3 Sec. 1718. The department shall provide each Medicaid adult
4 home help beneficiary or applicant with the right to a fair hearing
5 when the department or its agent reduces, suspends, terminates, or
6 denies adult home help services. If the department takes action to
7 reduce, suspend, terminate, or deny adult home help services, it
8 shall provide the beneficiary or applicant with a written notice
9 that states what action the department proposes to take, the
10 reasons for the intended action, the specific regulations that
11 support the action, and an explanation of the beneficiary's or
12 applicant's right to an evidentiary hearing and the circumstances
13 under which those services will be continued if a hearing is
14 requested.

15 Sec. 1722. (1) From the funds appropriated in part 1 for
16 special Medicaid reimbursement payments, the department is
17 authorized to make a disproportionate share payment of
18 \$33,167,700.00 for health services provided by Hutzell Hospital.

19 (2) The funding authorized under subsection (1) shall only be
20 expended if the necessary Medicaid matching funds are provided by,
21 or on behalf of, the hospital as allowable state match.

22 Sec. 1740. From the funds appropriated in part 1 for health
23 plan services, the department shall assure that all GME funds are
24 promptly distributed to qualifying hospitals using a methodology
25 developed in consultation with the graduate medical education

1 advisory group. The advisory group shall include representatives
2 of the Michigan health and hospital association and Michigan
3 association of health plans.

4 Sec. 1742. The department shall allow the retention of
5 \$1,000,000.00 in special Medicaid reimbursement funding by any
6 public hospital that meets each of the following criteria:

7 (a) The hospital participates in the intergovernmental
8 transfers.

9 (b) The hospital is not affiliated with a university.

10 (c) The hospital provides surgical services.

11 (d) The hospital has at least 10,000 Medicaid bed days.